Austria . . Sch 18	Indonesia . . Rp 2500	Portugal . . Esc 75
Bahrain . . Din 0.650	Italy . . . . L 1100	S. Arabia . . Rs 6.00
Belgium . . . BFr 38	Japan Y500	Singapore . . S$ 4.10
Canada . . . C$1.00	Jordan . . . Fils 500	Spain . . . . Pta 120
Cyprus . . . Mils 600	Kuwait . . . Fils 500	Sri Lanka . . Rup 30
Denmark . . DKr 7.25	Lebanon . . . L 5.00	Sweden . . . SKr 6.50
Egypt . . . . E£1.00	Luxembourg . LFr 38	Switzerland . SFr 2.00
Finland . . . Fmk 5.50	Malaysia . . Rm 4.25	Taiwan . . . NT$ 65
France . . . . Fr 6.00	Mexico . . . Pes 300	Tunisia . . . Din 0.650
Germany . . DM 2.20	Morocco . . . Dh 6.00	Turkey . . . . L 150
Greece . . . . Dr 60	Netherlands . Fl 2.50	U.A.E. . . . . Dh 6.50
Hong Kong . HK$ 12	Norway . . . Kr 6.00	U.S.A. $1.50
India . . . . Rup 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,379 Wednesday July 25 1984 D 8523 B

U.S. perched on a protectionist volcano, Page 4

NEWS SUMMARY

GENERAL

Israel's parties vie for power

Israel's two main political parties, *enfeebled by Monday's inconclusive general election*, began the task of trying to piece together a *coalition government from among* the 15 parties which won Knesset seats.

Negotiations are expected to continue for weeks without guarantee that either the ruling Likud block or the opposition Labour Party will be able to form a stable coalition. In the wake of the election result the Bank of Israel suspended foreign currency trading for 24 hours.

Officials denied that a big devaluation of the shekel was imminent, but the black market price of the dollar soared 40 per cent above the offical rate in anticipation of new economic measures. **Problems that *follow a photo-finish*, Page 10**

Pflimlin elected

Former French Prime Minister Christian Democrat Pierre Pflimlin, 77, was elected president of the European Parliament for a 2½-year term, defeating outgoing president Piet Dankert, Dutch Socialist, and Italian Independent Altiero Spinelli in the second ballot. **Page 12**

Iberia flies again

Iberia, Spain's state airline, said flights were back to normal after a government mediator ordered an end to a five-week pilots' strike.

Blast kills nine

An oil refinery explosion in Romeoville, Illinois, killed nine people and injured 20.

Spain holds Iranians

Spanish police said four Iranians, arrested in Madrid and Barcelona, had grenade launchers and planned an attack on a Saudi airliner.

Sikh state rejected

Indian Premier Indira Gandhi firmly rejected demands for "Khalistan," an independent Sikh state. **Page 3**

Europassport delay

Introduction of the planned EEC-style, red-covered British passport has been delayed until 1987, British Home Secretary Leon Brittan said.

Afghan offensive

Soviet and Afghan forces have launched a strong offensive against Moslem guerrillas who are regrouping in the Logar Valley south of the capital, Kabul.

China crime falls

Peking's crime rate has fallen dramatically since authorities launched a crackdown last August. The number of murders fell by 70 per cent but the incidence of rape remained high, according to the official newsagency.

Japan crime soars

Crime in Japan last year rose to its highest level since the early post-war years, especially among the country's youth. According to a National Police Agency survey there were 1.54m criminal offences recorded.

Soviet crackdown

A campaign to strengthen discipline in Soviet trade unions has led to the dismissal of 289 officials of one union, the daily Sovietskaya Rossiya has reported.

Climbing costs

Expedition fees for climbing Mount Everest are to rise from $900 to $3,000, Nepal said.

BUSINESS

French fork lift group collapses

FENWICK-MANUTENTION, the leading French fork lift truck maker, has filed for bankruptcy after failing to join forces with a competitor. The group ranks 14th in the world and has 1,500 employees. **Page 12.**

DOLLAR was weaker in London at DM 2.868 (DM 2.878), FFr 8.795 (FFr 8.82751), SwFr 2.437 (SwFr 2.441) and Y246.0 (Y246.9). On Bank of England figures, its trade-weighted index fell from 137.9 to 137.5. In New York it closed at DM 2.868, FFr 8.760, SwFr 2.441 and Y245.9. **Page 31**

STERLING rose 55 points in London to $1.3245. It was also higher at DM 3.8 (DM 3.79), FFr 11.65 (FFr 11.635) and SwFr 3.2275 (SwFr 3.2075). It was unchanged at Y325.75. Its trade-weighted index improved to 79.0 from 78.9. In New York it closed at $1.324. **Page 31**

GOLD rose $3.75 on the London bullion market to $339.25. It was also higher in Frankfurt and Zurich at $338.75. In New York, the July Comex settlement was $337.60. **Page 30**

WALL STREET: The Dow Jones industrial average closed 10.05 down at 1,086.57. **Section III**

LONDON equities gained strength, with the FT Industrial Ordinary index 8.2 higher at 763.5. Gilts rallied. **Section III**

TOKYO stocks reversed five consecutive days of declines and the Nikkei Dow market average added 35.61 to 9,738.96. **Section III**

EEC FOREIGN ministers yesterday put pressure on the Reagan Administration by saying they would retaliate against any further attempts to curb Community steel sales to the U.S. **Page 4**

OECD (the organisation of Economic Co-Operation and Development) expects limited progress towards cutting Canada's high unemployment rate before the end of next year. **Page 4**

EXXON, the world's biggest oil company, increased its second-quarter net income by 25 per cent to $1.35bn despite a sharp drop in refining and marketing income. **Page 13**

ITT, the U.S. telecommunications conglomerate, suffered nearly a 50 per cent fall in second-quarter net income to $78m, mainly because of problems at an insurance subsidiary. **Page 13**

E. F. HUTTON and Paine Webber, U.S. securities firms, both reported losses. Hutton had a second-quarter net loss of $7.8m compared with net earnings of $44.5m while Paine Webber lost $3.96m against net earnings of $23.8m in its fiscal third quarter. **Page 13**

BEATRICE companies, the diversified U.S. group, plans to sell five of its businesses to reduce debts incurred in its pending takeover of Esmark.

WESTERN UNION, U.S. telecommunications services group, reported a second-quarter loss of $2.96m or 26 cents a share compared with a profit of $27.6m or $1.05 a share in the same period in 1983.

MARSH & McLENNAN, the U.S. insurance broker that disclosed heavy losses from unauthorised bond dealings this year, increased its second-quarter profits 14 per cent to $29m, although first-half profit was only $686,000 after a $110m investment loss.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

EEC battle looms over Commission's dairy sales plan

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission has thrown down a challenge to the leaders of the EEC by announcing a politically sensitive programme of increased sales – at home and abroad – of subsidised dairy products.

The costs, however can only be met by a supplementary EEC budget for 1984, and discussion about the budget between foreign ministers yesterday was abandoned as the UK maintained its line that there should not be a supplementary budget at all.

Negotiations at ministerial level will not be resumed until September, a month before the EEC's funds are expected to run out.

Cut-price butter will be offered to the Soviet Union, Iran and other Middle East countries it will also be offered to the EEC food processing industry, Mr Claude Villain, the Commission's Director-General of Agriculture, said.

On the basis that it is cheaper to sell butter at a subsidised price, than store it, the Commission expects this year to sell up to 75,000 tonnes from the EEC "butter mountain," now 1m tonnes and expected to reach 1.25m tonnes by the end of the year.

Sales next year could climb 150,000 tonnes above what the EEC would normally expect to sell.

M Villain undertook that the EEC would respect the minimum price for butter sales agreed at the General Agreement on Tariffs and Trade (Gatt) of $1,200 a tonne. But this is $400 less than prevailing world prices.

The sales programme is thus likely to cause severe trade tensions with both the U.S. and New Zealand, which are active in the target EEC markets.

At the same time, the programme may cause resentment within the EEC itself as comparable cut-price sales are not being offered to consumers.

The cost of the sales to the EEC this year is calculated at Ecu 150m ($117m), but M Villain said spending this year would lead to economies in 1985.

The measures in the dairy sector, allied to other steps to cope with a weak beef market and proposals for wine production and disposal were being taken in the interests of "good management" M Villain said. "It is a trial of strength" with the Council of Ministers, he added.

The Commission has the power to make the dairy sales, but it is dependent on the Council to provide it with the money.

It was not clear yesterday that the Council wanted to adopt the Commission's plan for a Ecu 2.1bn supplementary budget, of which the greater part would go to agriculture, including meeting the cost of the dairy sales.

An early morning bid by Mr Peter Barry, the Irish Foreign Minister and Council President, to persuade Sir Geoffrey Howe, the British Foreign Minister, that the hole in the EEC finances could not be filled by economies and deferrals of expenditure failed.

The other nine countries are agreed that money needs to be found, but they are not clear on how much or where it should come from.

Initial costs of the dairy sales can be met by switching expenditure about from one part of the farm budget to another. But failure quickly to resolve the supplementary budget question will mean that the Commission is, quite legally, spending money it does not have.

The Commission is also planning to pay for the cost of transforming butter into ghee, a cooking oil used in the Middle East, and develop sales of the product.

In the beef sector, it plans to start buying meat for stock earlier this year than usual and to pay for private storage in an effort to keep supplies away from a depressed market.

On wine, it is proposing to the Council a price freeze and a subsidy to the growers who pull up vines, to try to reduce the size of the EEC's 3.2bn litre "wine lake."

Steel quotas raised, Page 2; Hitting back at U.S. protectionism, Page 4; Boosting the beef market, Page 30

Fine arts salerooms have best year ever

By Antony Thorncroft in London

THE WORLD'S leading fine arts salerooms, all based in London, yesterday announced record turnovers, making 1983-84 the best year in auction house history.

Sotheby's increased its worldwide auction sales by 47 per cent to a total of £401m ($529.3m); Christie's recorded a 35 per cent rise in the year to £350.6m; and Phillips was up 18 per cent at £44.1m.

Sotheby's, a private company since its purchase by Mr Alfred Taubman of the U.S. last year, managed three remarkable records. It secured the highest price for any work of art sold at auction when the Gospels of Henry the Lion sold in London last December for £8.14m; it set a new record for a picture when Turner's Seascape at Folkestone made £7.37m, this month; and it set a record for any single sale in New York in May when it raised £28.1m in an auction of Impressionist and modern paintings.

Christie's great achievement was in selling Old Master drawings from the Duke of Devonshire's collection at Chatsworth House in July for £21.1m. Its figures, unlike Sotheby's include £16.1m from negotiated sales whereby works of art end up in national collections.

The extraordinary rises in turnover are accounted for, in part, by the strength of the dollar. Sotheby's and Christie's alike have had excellent years in their New York salerooms, which boosts their turnovers if measured in terms of sterling. Sotheby's does not release the split between London and New York business, although New York is becoming more important, but for the first time Christie's achieved a higher turnover in New York than in London: sales of £158m compared with £134.3m for its main, King Street saleroom in London's West End and £22.9m for its South Kensington operation.

Yet even without the boost to the figures given by the exchange rate it has been a remarkable year for the auction houses. Christie's in King Street, for example, raised turnover by well over £40m, and South Kensington turnover was almost £5m bigger. The buoyancy in the market extended over virtually every department, and chairman Mr John Floyd is optimistic about the autumn season.

Sotheby's sold some notable collections in New York, in particular the Dreyfuss, Wolf Impressionist sale, which brought in over £8m for just 10 pictures, with a record

Continued on Page 12

Fabius pledges to attack inflation

BY DAVID HOUSEGO IN PARIS

M LAURENT FABIUS, the new French Prime Minister, yesterday pledged his Government to enforcing a strongly anti-inflationary policy in the interests of improving France's international competitiveness.

In his first speech before the National Assembly as Prime Minister, he sought to give his administration a centrist, social democrat image that was noticeably absent from his choice of ministers. The watchwords of his statement of policy were "consensus," "tolerance," and "modernisation."

The Communists, who declined to join M Fabius's administration as coalition partners, sat silently at the end of his speech. He told them he would do his utmost to create new jobs, but said modernisation would initially add to unemployment.

Later M André Lajoinie, chairman of the Communist group in the Assembly, said the Communists would abstain in the vote of confidence. Their position should not be identified with the negative vote of the Right, M Lajoinie added.

The Communist decision means, however, that they can no longer be considered as part of the government majority in the Assembly.

To underlie his goal of national consensus and to seize the initiative from the Opposition, M Fabius put forward two novel proposals for involving opposition deputies in formulating policy over urban violence and early retirement.

M Laurent Fabius

On the economic front, he foreshadowed further measures to bring down inflation, cut the trade deficit and reduce the size of the state deficit.

"Our inflation rate is approaching that of our trade partners; but it is higher than had been forecast. Our balance of payments is recovering, but slowly. Investment is taking off, but only weakly. The budget deficit has been limited, but the Finance Minister must try to cut it more... There can be no letting up in our efforts," the Prime Minister said.

M Jacques Delors, the former Finance Minister, had given a rosier picture of the Government's success in adjusting the economy.

M Fabius indicated that rigorous policies to improve French competitiveness would be maintained through to the legislative elections of 1986. Voters would then judge the government's success.

To speed the modernisation of the economy, M Fabius said the Government would give priority to research, investment and training. He promised a 10 to 15-year recruitment programme to strengthen France's research effort.

Industry would benefit from an easing of its tax burden, the gradual freeing of industrial prices and a higher proportion of national savings.

On industrial retraining, he said the minimum would be to ensure that all those unemployed could have access to retraining schemes that would adapt them to new technologies.

In his delivery, M Fabius was deliberately matter-of-fact and avoided flashes of oratory. He risked being dull in an effort to sidestep accusations of resorting to gimmickry or of flaunting his youth. Towards the Opposition, who interrupted him surprisingly little, M Fabius was unusually conciliatory, merely pleading to be heard.

His opening words as he rose before a packed assembly struck what was intended to be the keynote of his speech. He said: "To modernise and to achieve a consensus; those are the priorities of my Government."

He said he would make only one promise to the French, "to tell the truth."

Industry under Fabius, Page 2

$1bn write-off by Continental Illinois expected

BY WILLIAM HALL IN NEW YORK

CONTINENTAL ILLINOIS, the beleaguered Chicago bank, is expected to announce a $1bn write-off and a massive second-quarter loss as part of the multi-billion-dollar rescue shortly to be announced by the Federal Deposit Insurance Corporation (FDIC).

New York bankers had expected the measures to be announced yesterday.

Although there appeared to have been a last-minute delay, bankers said the reports of the broad outline of the package, which were circulating on Wall Street, were essentially correct although details might change.

The main elements in the long-term survival plan for Continental Illinois appear to be:

● The FDIC will buy some $3bn of Continental's problem loans for $2bn and will undertake to buy another $1.5bn over the next few years if the need arises.

Most of the loans assumed by the FDIC will be among Continental's energy credits, and it is understood that the bank will retain its sizable foreign loan portfolio.

● Continental will be effectively split into two with the problem loans being administered by a separate division of the bank.

The division will be answerable to the FDIC and the "clean" bank operating normally.

● The FDIC will inject $1bn of new capital into Continental Illinois, which will give it effective control.

The new securities issued to the FDIC will be convertible into about 80 per cent of Continental's common stock.

● The $5.5bn "safety net" being provided by the leading U.S. commercial banks will remain, and the Federal Reserve will lend the FDIC $3.5bn to help it to finance the rescue.

● The FDIC will strengthen Continental's management team and is reported to be looking for a new chairman and president.

The rescue, which effectively means that Continental Illinois will end up being owned by the U.S. Government, is likely to come under attack in Congress.

However, federal bank regulators hope the package will be sufficient to enable Continental to trade its way back to health and enable the FDIC to sell its shares at a profit.

Initial reaction from international bankers in New York was favourable.

If the outlined plan is implemented, Continental's capital ratios will be significantly strengthened and bankers believe the bank will have little difficulty in returning to the market for funds normally.

EEC to ease competition laws for patent holders, licensees

BY PAUL CHEESERIGHT IN BRUSSELS

PATENT HOLDERS and those they license to make their products are to receive widespread and automatic exemption from the competition laws of the European Community.

The European Commission, which has the power to legislate in that area after consultation with the Ten, yesterday published the terms under which the exemptions from the rules will be permitted.

The publication ends a decade of debate and denotes action by the Commission to use powers it was granted 19 years ago.

The general purpose of the new legislation is to hasten the spread of technology throughout the EEC while providing a measure of financial security for companies prepared to invest in new developments.

The Commission's action breaches the purity of the doctrine ensbrined in Article 85 of the Treaty of Rome, setting up the EEC, that market-sharing is a barrier to free competition.

It emphasises the policy of using competition policy in unison with industrial policy, and in that sense is a companion measure to exemptions given under the competition rules to companies undertaking joint research, development and production projects.

The essence of the new procedures is that when a company gives a production licence to another company or to a number of companies, they will not have to compete among themselves. They can, in other words, each stick to their own market territory.

That applies both to active competition – advertising and making a definite effort to sell – and to passive competition – where one licence holder might respond to an order from the territory of a customer in another licence holder's area.

The inclusion of protection against passive competition, which can last for up to five years from the sale of a new product, is a new element in the Commission's powers and was included after talks with the Ten last March.

The exemption from the competition regulations does not, however, extend to attempts by companies involved in licensing agreements to stop parallel trade – that is buying and selling of the product outside the manufacturer's own lines of distribution.

Companies are also receiving greater feedom of manœuvre for the exchange of technological information related to the development of the product.

Most likely agreements for the sale of licences will be drawn into the system of exemption from the competition rules and need not be notified to the Commission. Those which do not meet the Commission's criteria, however, can still be exempted, provided they are notified and the Commission raises no objection in six months.

The readiness to abandon, in specific areas, principles in the competition rules marks an important change in the attitudes of the Commission. Its earlier attempts to legislate in that area met sharp opposition from business because they laid greater emphasis on promoting commercial rivalry.

The West plugs a high-tech drain, Page 11

CONTENTS

Commission increases steel output quotas

BY PAUL CHEESERIGHT IN BRUSSELS

CONTINUED STABILITY on the European steel market has led the European Commission to add 430,000 tonnes to the production quotas allocated to steelmakers for the current quarter.

It is also proposing to raise slightly the minimum prices on a wide range of products after consulting steelmakers and consumers.

Under the emergency controls over EEC steelmakers, the Commission has the power to change the quotas but cannot act on prices without consultation.

The whole system is designed to give protection to steel producers while they restructure. The controls last until the end of next year.

The original production quota set for the third quarter had purposely been pitched on the low side, partly to make certain that the gathering firmness of the market would be maintained and partly to take into account the expected seasonal downrun in output caused by holidays.

The consumers were perturbed, arguing that, in some cases, artificial shortages were being created, thus hindering their own ability to expand output.

The additional quota, which the Commission bad promised in the event of its forecasts being overly cautious, should add more flexibility to the market.

The relative firmness of the market is also allowing the Commission to push the minimum prices closer to the guideline prices. The proposed rise follows an increase of about 2 per cent last April.

The minimum price is set by allowing a rebate from the guideline price. It was the failure of producers to observe the latter that led to the introduction of the minimum prices at the end of 1983.

The rise will be between Ecu 15 and 20 ($11.70-$15.50) for flat products if the present Commission plans hold. Minimum prices apply to hot-rolled coil, strip from hot-rolled coil, bot-rolled plate from coil, coated bot-rolled sheets, cold-rolled plate and sections and beams. Prices range currently from Ecu 300 to Ecu 433 a tonne.

EEC PRODUCTION QUOTAS (quarters, '000 tonnes)

		1/1984	2/1984	3/1984 Original	3/1984 Addition
Ia	Hot rolled coils	4070	4213	3784	140
Ib	Hot cold rolled sheet	3520	3687	3352	110
Ic	Galvanised sheet	852	905	852	40
Id	Other coated flat products	757	814	688	No change
II	Reversing mill plate	1134	1179	1134	41
III	Wide beams, sections	1176	1176	1014	No change
IV	Wire rods	2485	2753	2485	No change
V	Reinforcing bars	1836	1836	1646	60
VI	Merchant bars	2176	2212	2034	35

East bloc denounces Bonn

BY LESLIE COLITT IN BERLIN

THE SOVIET Union and its allies accused West Germany of militarism and expansionism in the latest twist of an intensifying campaign against the Bonn Government.

Mr Igor Ligatchov, a Soviet central committee secretary, said "Revanchist circles" were again active in West Germany which aimed to alter the post-war borders of the country. Mr Josef Korcak, a member of the Czechoslovak Communist Party Politburo, spoke of a "resurgent wave of revanchism" in West Germany.

Herr Egon Krenz, an East German Politburo member, said his country would remain an insurmountable barrier against all "imperialist dreams of a greater German Reich in the borders of 1937." East Germany's leader, Herr Erich Honecker, in a Soviet newspaper interview said that certain people in West Germany wanted to "revive old revanchist dreams" against Moscow and its allies.

East Germany has noticeably played down recent attacks by its allies on the Bonn Government but has apparently come under pressure to be more forceful. The West German government is expected to announce its guarantee this week for a DM 950m ($331m) bank loan to East Germany. The two German states are also thought to have reached agreement on a visit to West Germany in late September by President Erich Honecker.

Earlier this month Moscow warned West Germany in a note of "negative consequences" if it produced long-range military aircraft and missiles following the lifting of restrictions on it by the Western European union.

Unemployment in Italy rises

By Alan Friedman in Milan

ITALY's unemployment rate increased to 10.4 per cent in April, from 9.9 per cent in January.

According to Istat, the government statistical office, the seasonally adjusted unemployment level in April showed 85,000 more people registered as out of work than in April 1983.

The number of unemployed at the start of the second quarter of 1984 was 2.34m compared with 2.26m in April 1983.

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Spanish EEC entry hopes recede at talks

BY OUR BRUSSELS STAFF

HOPES of a rapid conclusion to the negotiations for Spain to join the European Community receded yesterday after talks revealed sharp differences over the terms of Spanish accession.

Spain formally presented two papers on industrial and agricultural questions, which did not meet EEC demands, leading to suggestions that the position of the Madrid Government had not changed since informal meetings held in Luxembourg last month.

The industrial paper was said to have ignored EEC concern with the problem of high tariffs. Spain has, for example, a 36 per cent tariff on cars against an EEC tariff of 4 per cent.

On agriculture, Spain will apparently not accept the sort of controlled market for fruit and vegetables required by France and Italy and wants greater access. At the same time Spain wants quotas on the export from the Ten of products like wheat.

On the EEC side there are also difficulties. France refuses to talk about wine, until the EEC has sorted out its surplus problems.

The costs of Spanish entry would be prohibitive in the olive oil sector without changes to the existing EEC system, and there is no agreement on such changes.

Moscow clarifies stance on space arms

By David Buchan in London and Anthony McDermott in Geneva

THE SOVIET UNION yesterday added a further public refinement to its position on joining the U.S. for talks in September on demilitarising outer space, as diplomats of the two superpowers continue negotiation on a joint agenda for space weapon talks.

A commentator for the Soviet Press agency Novosti said that a moratorium on space weapon development was not a "prior condition" to Moscow sitting down with the U.S. in Vienna. But Mr Edgar Cheporov said the moratorium was still a "key element" in the Soviet position.

The Soviet Union is acutely interested in a moratorium starting in September because it would bar the U.S. from test firing its anti-satellite missiles from a jet fighter later in the autumn.

Significantly, however, the Novosti commentator also said the Soviet approach on this "can easily be paralleled to our attitude to the siting of new American Pershing and cruise missiles in Western Europe."

Soviet negotiators walked out of the Intermediate Nuclear Force (INF) talks last autumn, as the new U.S. missiles began to arrive in Britain, West Germany, and Italy.

"If the Soviet Union had continued the negotiations (on INF) at the moment when the Americans were set to deploy them on West European ranges, it would have found itself in the unenviable position of an accomplice in helping the Americans' missile plans for Europe," Mr Cheporov said.

The U.S. has countered that it was ready to negotiate when the Soviet Union still had a monopoly on medium range nuclear missiles in Europe, and that it is now ready to discuss anti-satellite and space weapons, even though Moscow has a lead in these arms

But the Kremlin has scorned these arguments, and it may now be ominous that Soviet commentators are likening Moscow's approach to space weapons to its unyielding stance on INF weapons.

Confirmation of this rigidity came this week, after President Nicolae Ceausescu of Romania, admittedly one of Moscow's more wayward allies, suggested that the Soviet Union might return to the Geneva INF forum, if the West would just agree to halt, not reverse, current U.S. deployments.

The Soviet news agency Tass said there was no possibility of this.

Meanwhile, in one of the few disarmament fora where the two superpowers are still sitting around the same table, the Soviet Union yesterday suggested tackling by "consensus" the monitoring of a ban on the production and stocking of chemical weapons.

Mr Viktor Issraelyan, the Soviet ambassador to the Geneva disarmament conference, said that compliance with a chemical arms ban should be verified by a specially-created committee acting by consensus.

He opposed as obstructive the recent U.S. proposal that any signatory to a chemical weapons ban should be able to challenge another's compliance and demand inspection of its facilities.

Dutch industry forecasts 29% investment rise

By Walter Ellis in Amsterdam

A 29 per cent rise in investment this year is forecast by Dutch manufacturers. A survey published this week shows that investments, excluding those in the petroleum sector, could reach Fl 10.8bn (£2.5bn). Manufacturers thought this level would be maintained, or fall back slightly next year.

Industry also reported that utilisation of capacity was at its highest level for 10 years. Manufacturing industry, with the exceptions of petroleum refining, food, beverages and tobacco, was operating in June at 83 per cent of its potential, up from 79 per cent in March last year when the situation began to improve.

Less good is the outlook for jobs. Manufacturers predict a 0.6 per cent drop in employment, seasonally corrected, fell slightly in June to 16.6 per cent of the workforce. The total out of work, dropped from 848,000 in May to 834,000 in June.

Marc Rich will not appeal

ZUG—Marc Rich, the Swiss-based commodities trader, said it will not appeal to the Swiss Supreme Court against a planned transfer to U.S. authorities of documents sought in connection with a U.S. tax evasion charge. It also denied it was guilty of tax fraud as defined by a Swiss law on international legal assistance.

The Swiss Government has said it is prepared to hand over the documents, provided a $50,000 a day fine imposed on Marc Rich by a U.S. judge is lifted.

Reuter

Fabius borrows a Japanese idea

BY OUR PARIS STAFF

FRANCE'S NEW Prime Minister, M Laurent Fabius, has decided to follow the Japanese example and link foreign trade and industry under one minister.

M Fabius, who until last week was Industry and Research Minister, said he had been considering such a step for several months. He had, in fact, just returned from an official visit to Japan, when President Francois Mitterrand chose him to lead the new Socialist government.

He also revealed on Monday night when handing over his old ministry to Mme Edith Cresson, the new Minister of Trade and Industrial Redeployment, that he had created a separate research portfolio because "Mme Cresson would otherwise have balf the Government."

The Industry Ministry serves as an umbrella for a vast sector ranging from telecommunications, with its separate junior minister, to the industrial training portfolio, trade and industrial redeployment and research headed by M Hubert Curien, one of the driving forces of the French space programme.

Mme Cresson was Trade Minister in the last government and has already shown every intention of pursuing her crusade to improve French export performance and reduce the trade deficit

By naming her Minister of Industrial Redeployment rather than simply of Industry, M Fabius has clearly sought to put the emphasis on industrial restructuring. Indeed, Mme Cresson is already having to grapple with the complex salvage of the Creusot-Loire heavy engineering group and is likely to be further tested soon by the problems of the motor industry.

The Communist party, now out of the government, has signalled its intention to adopt a tough line on the car industry restructurings and general opposition to foreign investment by French enterprises.

Mme Cresson says she wants to encourage French companies to invest abroad to increase their penetration of international markets.

Paul Betts assesses the French Communist Party's future

Old guard wins battle but not war

M GEORGES Marchais, the truculent secretary-general of the French Communist Party, has always had a taste for amateur dramatics. He displayed this penchant last week, when he interrupted a holiday in Romania for 72 hours to return to Paris, pull the Communists out of government and promptly fly back to continue Sea. He left behind, however, a party divided, confused and deeply worried about its future.

His seemingly cavalier approach to a turning point in the presidency of M Francois Mitterrand has fooled few people. The Communists' departure from government is the climax of a political process that bad been building up ever since President Mitterrand switched his economic policies from expansion to deflation and rigour.

Perhaps more significantly in some ways it also marks a climax in an internal party debate which burst to the fore after the Communists' humiliating performance in the European elections, in which they polled 11 per cent of the vote, the same as the extreme right-wing National Front.

The Communists' exit raises two immediate questions. First, what will the party's approach be to the new Socialist government, and will it step up attacks on M Mitterrand's policies through the huge CGT labour confederation?

The evidence so far suggests the Communists have every intention of hardening their opposition to the industrial and economic policies. Although they have promised continued support for the so-called Union of the Left, they have already criticised the new Industry Minister, Mme Edith Cresson, for urging French companies to invest more abroad.

Militant members of the CGT have long wanted the Communists to leave the government to give them greater freedom to organise labour opposition to the current wave of industrial restructurings and lay-offs.

Although the Communists are expected to hold their fire for the present in the National Assembly, they are likely to bring out the heavy artillery against the government's tough 1985 hudget in the autumn.

The second and more fundamental question for the Communists is where does the party go in the longer term? If the latest decisions are designed to try to halt the party's steady decline before the 1986 legislative elections, they also reflect the latest stage in the developing internal battle between the so-called "conservatives"—the old Stalinist guard advocates of the "pur et dur" line—and the "renovateurs"—the reforming spirits who would like the party to evolve and move towards an Italian model of Communism.

There has long been evideat a reforming movement among middle-ranking members, but they have had to struggle against the diehards, who remain extremely powerful especially within the party organisation.

The "renovateurs" argue that the Communists can only survive as a political force in France, if the party evolves towards the Italian model. However, the more dogmatic members of the old guard would rather see the party drop to 5 per cent of the national vote and preserve a strong old-fashioned Stalinist line than see it change and command 20 per cent of the vote.

It was, it seems, the old guard that decided to pull the Communists out of government. They had been shocked by the lack of discipline at the party's central committee meeting after the European elections.

At that meeting, the "renovateurs" made a forceful case for changes in the face of the setback. Even the sacred Communist philosophy of democratic centralism—once a decision has been approved all party members must abide by it—was very tentatively queried.

> **It was, it seems, the old guard that decided to pull the Commnnists out of government. They had been shocked by the lack of discipline at the central committee meeting after the European election setback when even the sacred philosophy of democratic centralism was queried.**

The old guard may have won a battle against the "renovateurs" but not the war. M Charles Fiterman, the former Communist Transport Minister, is now expected to play a leading role in the party's future evolution. His return to party work will enable him to resume the reforming line he was pursuing before he entered government.

One of the biggest risks is that the Communists will now lose the rights of patronage that went with holding four ministerial portfolios at a time when they have already lost control of several municipalities in last year's local elections.

M Fiterman, while opposing the Communists' departure from government, had wanted personally to return to party work. His chances are now stronger of replacing M Marchais at some stage. He has long been seen as the chosen successor, but M Marchais has more recently shown considerable irritation at the attention which M Fiterman has received for his efficient ministerial performance. M Marchais positively hates to be upstaged in public by a member of his own party.

The events of the past few days may well have enabled M Marchais to retain for a little longer the job of secretary general he has held since 1972—that is if he wants to continue fighting rather than "retire in honour." Ever since the 1981 legislative elections, when the Communists polled 16.1 per cent of the total, there has been speculation that he would step down.

Since the Left came to power in 1981, however, M Marchais has done what most Communist party observers regard as a singularly bad job for his party. He has never been comfortable with the recent policy of having one foot in the government while attacking President Mitterrand's economic programme.

On the other hand, he has always been better in opposition. The break with the Socialists could enable him to revert to the style of aggressive opposition he revels in. He could well be reconfirmed at the next congress and continue as secretary general until 1986. M Fiterman's image would remain unspoiled for probable candidacy in the 1988 presidential elections.

For M Fiterman the main challenge is more likely to come from the old guard rather than from a M Marchais keen to hold on to his position. The conservatives view M Fiterman with respect but suspicion.

For them a far more preferable candidate is M Andre Lajoinie, a former farmer who presides over the Communist group in the National Assembly. He is not regarded as a reforming spirit like M Fiterman and seems to be graduating towards the conservatives.

The leadership struggle will ultimately decide where the party is going. In this respect, the picture of the Communist delegation going in and out of the new Prime Minister's office last week negotiating the party's presence or departure from government was not without its symbolic significance. The delegation consisted of three men—M Marchais, with M Fiterman on one side and M Lajoinie on the other.

Giscard bids for parliament seat

BY OUR PARIS STAFF


Giscard: old seat

THE WAY has been cleared for M Valery Giscard d'Estaing, the former French president, to return to the French National Assembly. This follows the resignation of M Claude Wolff from his parliamentary seat in the Puy-de-Dome in central France to take up a seat in the European Parliament.

A by-election will be held probably in September, which M Giscard d'Estaing is expected to win easily. He will thus be able to make his comeback in time for the debate on the Government's 1985 budget which is expected to come under fire from both the Communists and the right-wing opposition parties.

In the Puy-de-Dome, M Giscard d'Estaing will be returning to a parliamentary seat which he first took over in 1956 at the age of 29 from his grandfather, M Nicolas Bardoux. He held the seat until 1974 when he became President.

Ever since his defeat by M Francois Mitterrand in 1981, he has made a gradual political comeback. He won his former local council seat in the 1982 cantonal elections with a 72 per cent majority. But it was unduly felt that M Giscard d'Estaing, who is still regarded as a possible presidential candidate in 1988, had to win his old seat back as a Deputy to return into the political mainstream.

Poland assails 'interfering' U.S.

BY CHRISTOPHER BOBINSKI IN WARSAW

WARSAW YESTERDAY accused the U.S. of attempting to "change Poland's political system" by constantly "modifying and multiplying demands" on the Polish Government.

Commenting on initial U.S. reaction to Poland's amnesty of political prisoners, Mr Jerzy Urban, the government spokesman, said the statement that Poland had taken a step in the right direction "is beginning to sound humorous."

Hints that the Polish airline might be allowed to resume regular flights to New York and that cultural and academic agreements might be renewed were only minor steps, he said.

President Ronald Reagan is expected to make a statement in a few days on the lifting of sanctions imposed after martial law was imposed in Poland in January 1982.

Mr Urban claimed yesterday that U.S. policy was intended to weaken Poland in Europe. "They know we will not modify our political system and thus they do not really expect their demands to be met," he said.

Meanwhile, Mr Andrzej Gwiazda, Mr Lech Walesa's deputy and subsequently rival for the leadership of the Solidarity movement, yesterday became the first prominent union leader to leave prison for good under the amnesty.

Ten lesser known political activists and 72 criminal offenders were freed on Monday.

Mr Urban failed to clear up continuing doubts about whether Mr Bogdan Lis, the recently captured underground leader, would be included in the amnesty. One of the charges against him is treason, which is excluded from the amnesty. Privately, officials have been saying the charge will be dropped and he will go free.

The doubts, however, have been fuelled by the refusal of Col Zbigniew Pudysz, head of the Interior Ministry's investigation department, to state clearly in a television interview that Mr Lis would be released. "Much will depend on Mr Lis and Mr Piotr Mierzewski themselves," he said. The latter was arrested with Mr Lis. The implied threat is that they could be held until they decide to talk to the police about the underground.

Tonnes of silver stolen from Yugoslav mine

By Aleksandar Lebl in Belgrade

YUGOSLAV POLICE have arrested 51 people over an elaborate theft of silver from a mine in the troubled province of Kosovo. The case has political overtones, with suggestions that the silver may have financed ethnic Albanian agitation there.

The investigating judge said some 5-10 tonnes of silver was stolen over the past seven years from the Trepca lead and zinc mines, which were once British-owned, and sold in Yugoslavia and abroad.

Twelve of the 51 worked in the mine and all are ethnic Albanians. Kosovo's racial composition is 80 per cent Albanian, and this share is increasing as ethnic Albanian agitation pushes out non-Albanian Yugoslavs, particularly Serbs.

The Serbian Press in Belgrade, however, has suggested that proceeds from the silver sales have financed the underground activities of Kosovo nationalists, who want full republic status for their province within the Yugoslav federation. A senior Kosovo Communist party official, Mr Ismail Bajra, has also publicly supported this thesis.

Denials from local security chiefs that there is any proven link between the thieves and the nationalist underground has not carried much conviction with the Yugoslav public. Scores of ethnic Albanians have been arrested and sentenced for nationalist agitation in the past three years.

Turkish olive branch for Greece

BY DAVID BARCHARD IN ANKARA

TURKEY'S Prime Minister, Mr Turgut Ozal, yesterday offered to sell fresh water and electricity to the Greek islands and to ease passport requirements for Greeks visiting Turkey as a move to improve relations between the two countries.

Speaking to a crowd in the town at Batman in eastern Turkey, the Premier said that Turkey and Greece should be practical and freeze their major disputes for the time being and concentrate on developing better trade relations and other forms of co-operation.

Turkey and Greece are at odds over Cyprus and the status of the Aegean Sea. Relations between them have been poor since the Government of Dr Andreas Papandreou took power in Greece in 1981.

Mr Ozal repeated earlier assurances by successive Turkish governments that Turkey does not covet any Greek territory. He called on Greece to drop any possible moves to block Turkish accession to the European Community.

Last April, the Turkish Government unilaterally removed visa restrictions for Greek visitors to Turkey which had been in force since the Cyprus crisis of 1974. It has also been trying to develop trade links between the islands of the eastern Aegean and Turkey.

"I'm a practical man," Mr Ozal said yesterday. "The islands are straight opposite us and provisioning them (from mainland Greece) is very expensive."

Tokyo turns down European-built weather satellite

BY ROBERT COTTRELL IN TOKYO

JAPAN TOLD a delegation of European diplomats yesterday that it does not want to buy a Y41bn (£43m) European-built weather satellite. The ambassadors to Japan of Britain, France, West Germany and Switzerland had called at the Japanese Foreign Ministry to support the satellite sale.

The proposed sale was initiated in May by Aerospatiale, the French prime contractor of the European Meteosat programe, and Ariane-Space, the Paris-based European launch consortium.

According to a Japanese Government spokesman, Mr M. Motono, the deputy foreign minister, told the ambassadors that Japan was trying to develop independent technology in some aspects of space and did not at present want to buy a weather satellite. He also said that the 1989 launch "slot" in Japan's satellite programme that the Europeans hoped to fill was for a back-up satellite. It would be inappropriate to buy foreign satellites for this purpose, he said.

European aerospace officials claim that a European-built and launched Meteosat satellite would be cheaper and perhaps more efficient than an equivalent satellite within Japan's own GMS programme. GMS satellites are built by Hughes Aircraft of the U.S. under the prime contractorship of NEC, the Japanese electronics group. They are launched by Japanese rockets.

The satellite proposal had been viewed by some European officials as a test case of the Japanese Government's willingness to buy major high-technology caoitat goods from abroad.

M Roger Chevalier, vice chairman of Aerospatiale, said in Tokyo yesterday that a GMS-series satellite could cost Y20bn to Y21bn compared with Aerospatiale-Ariane's quote of Y14bn. He said that a Japanese purchase could pave the way to broader co-operation between the European and the Japanese aerospace industry.

M Chevalier said the European proposal might involve participation by Japanese industry and that Japan could benefit from technology transfer.

Japanese companies 'pay more tax than competitors'

BY OUR TOKYO CORRESPONDENT

EFFECTIVE Japanese corporate tax rates are among the highest of any major industrialised country, according to a study by the Japan Federation of Economic Organisations (Keidanren).

The author of the study, Mr Yoshima Kubouchi, Keidanren's deputy director of financial affairs, says that Japan's statutory corporate tax rates are similar to those of the U.S., West Germany, the UK and France.

The absence of tax relief and special incentive measures for businesses means that the proportion of tax actually paid by the average Japanese corporation is much higher, argues Mr Kubouchi.

According to Keidanren calculations, Japanese corporations will pay, on average, an actual tax rate of 51.57 per cent during 1984, virtually the full statutory rate of 52.92 per cent, including national and local taxes. For companies in Tokyo and Osaka, subject to higher local taxes, the statutory rate would be 54.63 per cent, and the real rate an estimated 53.25 per cent.

Mr Kubouchi's study says that in the U.S., average statutory corporate tax rate will stand at 51.18 per cent in 1985, but actual tax paid will average 32.28 per cent. In West Germany during 1984, Keidanren estimates that actual tax paid will average 49.84 per cent compared with an average statutory rate of 56.52 per cent.

In France, using 1980 statistics, Keidanren says that while statutory tax averaged 50 per cent, actual tax paid averaged 45.7 per cent. The widest discrepancy claimed is in the UK.

Hong Kong talks resume in Peking

BRITISH AND Chinese Diplomats yesterday resumed their negotiations on the future of Hong Kong with British sources saying there were still some "pretty intractable issues" remaining to be settled, Reuter reports from Peking. They met for the 19th round of formal talks on the British colony, due to revert to China in 1997, before a weekend visit to Peking by Sir Geoffrey Howe, the British Foreign Secretary.

Chinese trade hopes

China expects its total trade to grow this year after earlier forecasts of a decline, a Ministry of Foreign Economic Relations spokesman told Reuter in Peking. In May, the Government said it expected total trade to fall to 81.6bn yuan (£27bn) this year from about 86bn yuan in 1983. The spokesman said China had a $2.95bn trade surplus in the first half of this year. Exports rose 14 per cent on the period last year to $11.41bn, while imports rose 11.7 per cent

Chance for Malaysia . .

Malaysian businessmen should not allow the takeover of Hong Kong by China in 1997 to cloud their business activities with Hong Kong, the Malaysian Trade Commissioner in Hong Kong says in an interview with Business Times Daily. AP-DJ reports from Kuala Lumpur that M. Supperamanian told the newspaper that his countrymen should instead establish contracts now with traders and entrepreneurs, as the Chinese placed emphasis on long-term contracts. He said U.S. and Japanese investors were moving into Hong Kong to fill the vacuum left by others.

. . . and exports rise

Economic recovery in the U.S. and Western Europe meant an increase in Malaysian exports during the first four months of this year, giving the country a trade surplus compared to a deficit for the period last year, writes AP-DJ from Kuala Lumpur. Deputy Finance Minister Sabaruddin Chik told Parliament that exports for January - April totalled 11.82bn ringgits (£3.8bn), up 24.4 per cent over the period in 1983. Although imports also increased by 32 per cent Malaysia had a trade surplus of 1.657bn ringgits.

Francis Ghiles reports on a dispute with creditor banks over debt rescheduling conditions

Morocco believes it holds the winning hand

TEN MONTHS after Morocco launched efforts to reschedule the about $530m in medium- and long-term debt owed to commercial banks between September 1983 and the end of this year, agreement is still being held up by a *dispute* over whether the Banque du Maroc should co-sign or guarantee the final-document.

The ten-bank steering committee of leading creditor banks chaired by Citibank and Banque Nationale de Paris wish to draw the central bank into the agreement because of its involvement in the Kingdom's foreign exchange cash flow. The authorities in Rabat have, from the start, been adamant that such a request was unacceptable and, if granted, would amount to an infringement of the country's sovereignty.

Some of the banks, notably in Paris, felt that the initial request was too harsh on the Moroccans, and last spring the *steering committee offered* to compromise. It suggested that the Banque du Maroc sign a "letter of comfort," whereby it would undertake to provide the necessary resources in foreign currency to meet future debt payments. So far, neither the Ministry of Finance or the Banque du Maroc have accepted this idea, and bankers are running out of patience.

However, the Kingdom can afford to wait. Indeed, Morocco's leading Western creditors last autumn agreed to reschedule 85 per cent of the $1.15bn worth of the government-to-government debt owed by Morocco which falls due in the 15 months to December this year.

Last March, the International Monetary Fund (IMF) approved the resumption of drawdowns by the Kingdom in the SDR 300m standby loan, approved last September and which had to be renegotiated *following January's riots.*

Morocco has also received help from other quarters: blended credits from France, amounting to FFr 1.78bn, were agreed earlier this month, a figure slightly above last year's level. *The difference* is accounted for by supplier credits to finance one ferry and two phosphoric acid carriers which the Kingdom has ordered from the Alstom Atlantique and Chantiers du Nord et de la Mediterranee shipyards.

The U.S. has also lent a helping hand, essentially in the form of credits to buy cereals.

Morocco's resistance to the request of the Western banks

> The Banque du Maroc has for several years warned against what it felt was the Kingdom's excessive reliance on foreign borrowing

has been further strengthened by the discreet but effective support it has received from the IMF. Precedents of getting the central bank involved when rescheduling the foreign debt of various countries is one of the arguments used by the banks to put pressure on Morocco, but the IMF, and the Moroccans, feel such precedents are not as clear as the banks profess to believe.

It is also worth noting that, for several years now, the Banque du Maroc has warned in its annual report against what is felt was the Kingdom's excessive reliance on foreign borrowing.

No one paid much attention not least because the central bank does not involve itself with foreign borrowing and cannot provide any kind of sovereign guarantee even if it wished. That is not its role.

Those banks which lent to the Kingdom presumably knew all along the difficulties which Morocco was confronting. That they choose to continue lending up to July last year, that their assessment of Morocco's economy proved far too optimistic, is something which does not bother any senior official in Rabat.

Quite apart from the negative impact that intermittent drought has had on Moroccan agriculture since 1979, the eight-year-old political conflict over the Western Sahara is hardly a secret, nor is the fact that it constituted a major drain on resources.

The Government spending spree after the quadrupling of the price of phosphate rock—its major hard currency earner in 1974-75—and the manner in which it backfired when prices collapsed three years later is well documented.

Moroccan officials nevertheless argue that they have always been scrupulous in paying on time the interest on the country's foreign debt and point to the large increase in exports during the past 18 months.

The authorities in Rabat also know that the Western banks have few options other than cutting short-term credit lines, which amount to $500m, and that even this move is most unlikely. After all, about half the money Morocco owes to the banks is owed to French institutions, who to date have never shown great concern for those extra legal guarantees which U.S. banks are so fond of.

As for the U.S., it is unlikely that the Reagan Administration, which is building south of Tangiers the largest radio transmitter in the Western world outside the U.S. and recently obtained facilities for the Rapid Deployment Force at Moroccan airbases, would wish to make life impossible for so useful an ally.

Gandhi rejects Sikh state call

BY K. K. SHARMA IN NEW DELHI

MRS INDIRA GANDHI, India's Prime Minister, yesterday firmly rejected the demand for "Khalistan," the independent Sikh state sought by some leaders of the community in the country and abroad. Any such secessionist movement would be curbed with a strong hand, she implied.

Mrs Gandhi also said she would never again allow places of worship to be made into arsenals, as has happened with the Golden Temple in Amritsar.

The Prime Minister was intervening in a day-long debate in the Indian parliament on the situation in Punjab, where the army was used last month to curb terrorism by Sikh extremists entrenched in the Golden Temple and other Sikh temples.

No MP opposed the army action, but the Government was strongly attacked for bringing out an incomplete White Paper on Punjab and for failing to identify the "foreign hand" blamed for the troubles.

The Prime Minister also rejected the demands for political autonomy by the Sikh's political party, the Akali Dal, indicating that she wanted strong central government. The Sikhs want the New Delhi Government to limit its functions to foreign affairs, money matters, defence and communications.

Lange strengthens finance team

NEW ZEALAND'S new Labour Cabinet, to be sworn in today, gives special emphasis to financial matters with two associate ministers of finance, Dai Hayward reports from Wellington.

As expected, Mr Roger Douglas has the finance portfolio. Mr Richard Prebble and Mr David Caygill will assist him.

Mr David Lange, the Prime Minister, will look after foreign affairs.

The Cabinet is: Mr Lange, Prime Minister, and foreign affairs; Mr Geoffrey Palmer, deputy Prime Minister and Attorney General; Mr Richard Prebble, minister of transport, specific island affairs and associate minister of finance; Mr Roger Douglas, finance; Mr Michael Moore, overseas trade and tourism; Mr Kora Wetere, Maori affairs; Mr David Caygill, trade and industry and associate minister of finance; Mr Russell Marshall, education; Mr Frank O'Flyn, minister of state and defence; Mr Michael Bassett, health; Mrs Anne Hercus, police, social welfare and women's affairs; Mr Colin Moyle, agriculture; Mr Stan Rogers, labour and state services; Mr Bob Tizard, energy; Dr Peter Tapsell, internal affairs; Mrs Margaret Shields, customs and consumer affairs; Mr Kerry Burke, employment and immigration; Mr Phil Goff, housing, and Mr Jonathan Hunt, broadcasting.

S. African English-language newspaper war hots up

BY JIM JONES IN JOHANNESBURG

THE FIGHT for circulation and advertising revenues between South Africa's two main English-language press groups is set to intensify within the next *few months.*

The Argus Group, which publishes the country's largest selling daily, The Star, in Johannesburg, is to launch a Sunday Star at the end of September. Its rival, South African Associated Newspapers (Saan), plans to relaunch the Sunday Express which circulates mainly in the Johannesburg area, early in August.

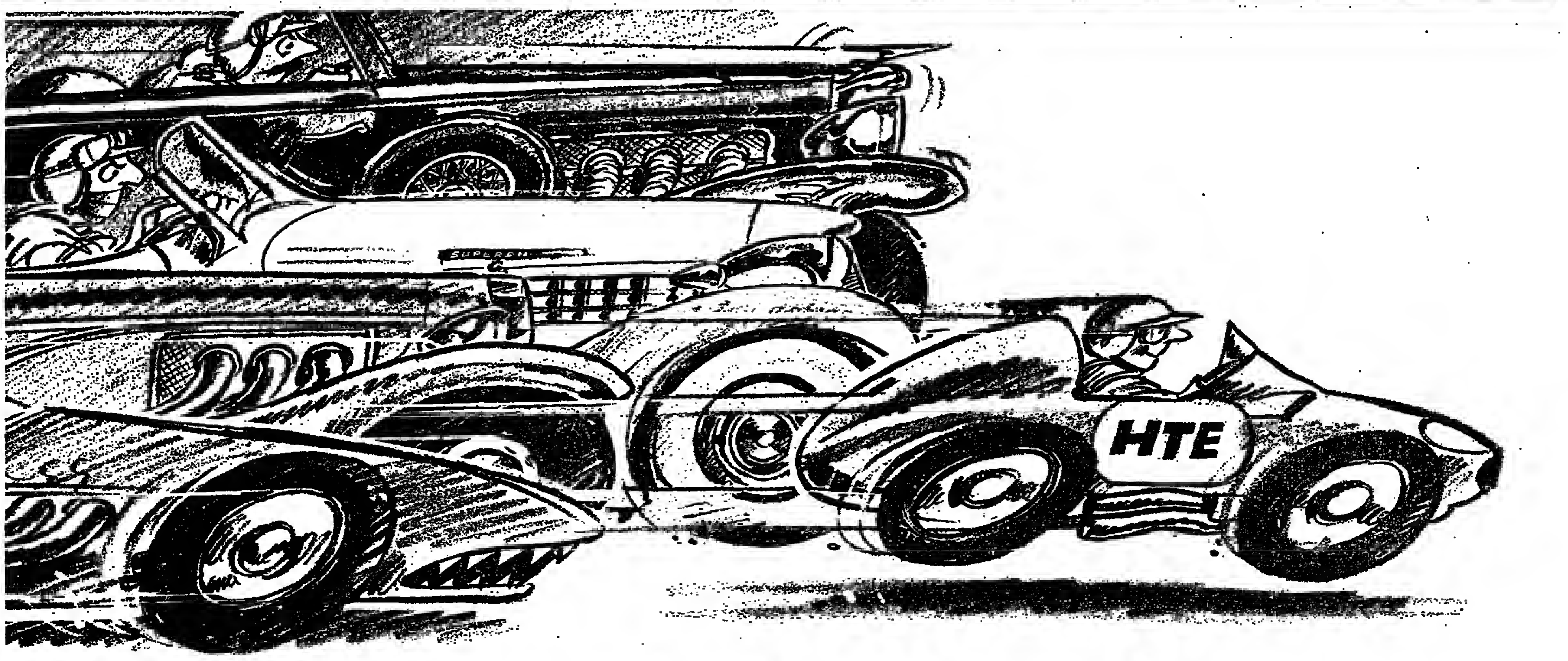
Competition between the two groups intensified in April this year when, in response to a threat by Saan's Rand Daily Mail to win classified advertising from the Star, Argus cut rates on property advertisements. Within a few weeks the Star gained virtually all of the property advertising which had been dominated by the Sunday Express.

Argus's aim is to win part of the appointments advertising which is currently placed almost exclusively with Saan's Sunday Times. Its intention is to offer job advertisers competitively priced space in three weekend newspapers — the new *Sunday Star* in Johannesburg, the Sunday Tribune in Durban and the Weekend Argus in Cape Town — which have a combined circulation greater than that of the Sunday Times.

The Sunday Express, which is currently a tabloid, is to be relaunched in a new American tabloid size. Saan's managing director, Mr Clive Kinsley, says that plans for the Sunday Express's relaunch were made last December.

An additional press acquired second hand from Brazil will be used to print the new Sunday Express thereby freeing capacity on other presses to produce supplements for the group's other Johannesburg newspapers.

Both newspaper groups are directly or indirectly controlled by the Anglo American Group and the Oppenheimer family.



WORLD TRADE NEWS

EEC export credit pact to include nuclear contracts

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN community is to take part in a scheme agreed among the industrialised countries to extend the export credits consensus — under the aegis of the Organisation for Economic Co-operation and Development—to nuclear power contracts.

Foreign Ministers agreed this yesterday after West Germany acceded to the position of France about which potential contracts should be exempt from the new disciplines.

The consensus establishes the minimum interest rates and the conditions for the provision of export credits, mainly to developing countries for capital goods imports. Hitherto, it has excluded nuclear power contracts, most aviation sales and agricultural products.

The new nuclear agreement provides for interest rates to be one percentage point above the normal consensus rates which at present are between 10.7 and 13.6 per cent, depending on the nature of the borrower and the length of the credit.

But while the normal consensus terms for an export credit provide for a maximum duration of 10 years, in the case of nuclear contracts the maximum term will be 15 years. This takes into account the lengthy construction period for nuclear power plants.

The broad lines of the agreement were settled in Paris some weeks ago but the Community's adherence to them depended on whether the future Hua Dong station in China could be included on the list of projects to be exempted from the agreement.

This was what France wanted, having offered generous terms, but ran into sharp opposition from West Germany, which can in any case offer export credits at a lower interest rate than France because of the prevailing domestic money market conditions.

Yesterday, there was a vote on the issue in the Council of Ministers, which found West Germany isolated. But it made no attempt to stop the EEC signalling acceptance of the agreement.

Prior informal contacts with other industrialised nations in the consensus had indicated there would be no objection to adding Hua Dong to a list of five other projects to be exempt from the new accord. The main priority of most countries is to get the agreement into force.

Kodak to help establish Chinese colour-film plant

BY PAUL TAYLOR IN NEW YORK

KODAK the world's largest photographic products group, said yesterday it has agreed to help set up and supply technology, equipment and materials for a colour film photographic plant in China.

The move represents the latest in a growing number of deals and joint ventures between major U.S. consumer product and manufacturing groups and the Peking Government. Among other big U.S. companies to announce agreements recently have been Otis, 3M, Deere and Hewlett-Packard.

Under the terms of the agreement with Kodak, the photographic group has signed a contract with the Xiamen photographic materials company and the China National Technical Import Corporation to help establish a production facility for colour photographic film and paper.

Kodak said it will sell emulsion-making and coating technology and manufacturing equipment for a plant to be owned and operated by the Chinese in Xiamen, Fujian Province. Kodak said it will also train Chinese personnel to operate the plant.

When operational, the new plant will produce colour negative film similar to the company's Kodacolor II film in 35 mm and 120 formats as well as colour paper.

Construction of the plant is due to begin this year with production starting up in 1986. Products will be sold within China under Chinese trademarks to help meet what the company described as "the growing demand for photographic goods and services."

Japan boosts share of W. German car market

By John Davies in Frankfurt

JAPANESE car manufacturers have increased their share of the West German market as a result of the disruption to local production caused by the recent labour conflict over shorter working hours.

The Japanese have taken 12 per cent of new car registrations in the first half of this year, compared with 10.6 per cent in the whole of last year.

The number of cars registered in West Germany last month dropped sharply in the wake of the labour troubles, which halted much of the country's vehicle assembly from the second half of May to early July.

Only 155,624 cars were registered in June, compared with a buoyant total of 262,750 a year ago and 194,198 in June 1982.

A total of 26,334 Japanese cars were registered last month, accounting for an exceptional 16.9 per cent of the drastically reduced overall registration figure.

Car industry executives said, however, that Japanese gains as a result of the strike may not be entirely clear until registrations for July and August are complete.

Registrations of all cars, including Japanese were unusually high in June last year—partly because of the introduction of higher value added tax from July. This means that the Japanese held on to a high level of sales last month even though many buyers have been unsettled by the labour troubles.

The Japanese have been steadily building up their market share this year, achieving 10.6 per cent in January, 11 per cent in the first three months and 11.3 per cent in the first five months.

In 1979, the Japanese took 5.6 per cent of the West German market but boosted their share sharply to 10.4 per cent in 1980. They then lost ground slightly in sales and market share, edging down to 10 per cent in 1981 and 9.8 per cent in 1982, before picking up again with last year's 10.6 per cent.

Overall, cars produced abroad took 42.1 per cent of the reduced registration total last month and 30.1 per cent of registrations in the first half of the year — compared with 27.2 per cent in the whole of last year.

Ten would hit back at extra U.S. steel curbs

BY OUR BRUSSELS CORRESPONDENT

FOREIGN Ministers of the European Community are taking the attitude that it would be inconceivable for the Reagan Administration to place extra curbs on EEC steel sales in the U.S.

But if such curbs were put in place, then there would be retaliation in some form and the first casualty would be the sales restraint agreement reached with the U.S. in 1982 for carbon steel products.

The Ministers, discussing the issue *yesterday*, were anxious to respond firmly to the threat without being over-dramatic about decisions still to be taken.

But they agreed that collectively and individually, they would put pressure on Washington to stand firm against the demands of the U.S. steel industry for protection.

A threat to EEC steel sales in the U.S. has come from the recommendation of the International Trade Commission in Washington that there should be higher tariffs and import quotas. This was in response to a complaint lodged by Bethlehem Steel at the beginning of the year.

Crucial to the ITC stand is acceptance of the argument that imports are injuring the U.S. industry.

The EEC consistently argues that this is not the case and, as far as European sales are concerned, they have dropped by nearly one-third since 1982 because of the sales restraint agreement.

President Reagan must respond to the ITC recommendation right in the middle of the Presidential election campaign.

If he decides to follow the ITC line, then the EEC will probably follow the line it adopted when the U.S. lifted tariffs and imposed quotas on special steels.

Earlier this year, the EEC took precisely the same sort of action against a range of U.S. products of equivalent value.

A dispute over steel would signal a marked rise in trade tensions between the two after a period when equilibrium appeared to have been reached.

AP-DJ reports from Seoul: South Korea has decided to send a Government economic mission to the U.S. to try to avert or ease possible U.S. steel import restrictions, the Commerce and Trade Ministry said yesterday.

Ministry officials said the mission's task is to try to counter a recent recommendation by the ITC to the Reagan Administration that import quotas and tariffs be imposed on five categories of steel products.

White House perched on protectionist volcano

BY NANCY DUNNE IN WASHINGTON

THE REAGAN Administration is perched precariously atop a simmering volcano of protectionist pressures. An eruption or two as the Presidential election approaches may well be unavoidable.

Congress now has before it more than 100 Bills aimed at restricting imports of products ranging from steel to ginger roots. The International Trade Commission (ITC), which has on its desk 121 petitions for protection, has already ruled that steel and copper producers have been injured by imports and proposed remedies — quotas or tariffs — were sent to President Reagan earlier this month. (The President can accept the recommendations, modify them or reject them completely.) He has 60 days from July 12 to react.

Although the steel and copper industries could conceivably get relief from the executive, industry and union lobbyists have redoubled their efforts to get Congressional action as well. In fact, there is talk among some of the interest groups of joining forces behind a massive piece of legislation which would combine:

● The textile industry demand for a freeze on imports at 1983 levels.

● A Bill to limit footwear imports to 50 per cent of the domestic market.

● The steel producers' appeal for an import quota of 15 per cent.

● Automobile domestic content legislation, already passed by the House and under consideration in the Senate.

There is some hesitation by potential partners of a grand protectionist coalition. Together they could draw strong Bipartisan backing, wield considerable power in the House and attract significant support in the Senate. However, some cases for protection are stronger than others and the weakest measures could drag the others down to defeat.

The Domestic Content Bill, for example, which would force foreign automakers to use American parts in cars sold in the U.S. is abhored by the Administration. Mr Malcolm Baldridge, the Commerce Secretary, has pronounced it the worst Bill ever introduced. Its harshest critic in the Senate, Mr John Chaffee, dubbed it a greedy piece of legislation during Senate hearings.

Should miracles occur and the Domestic Content Bill pass the Senate, it faces certain veto by the President.

The textile interests, on the other hand, feel they can argue forcefully for an import freeze. The industry has worked hard to modernise and stay competitive in the world market, and its cause could be hindered by entanglement with domestic content law.

Textile lobbyists are also pushing a new labelling law, which would require all textile and apparel products to clearly identify the country of origin, so that U.S. consumers can "buy American."

The footwear industry has already lost its case for protection before the ITC, despite a 70 per cent import penetration of the U.S. shoe market. The Commission said the industry's profits have been healthy, and many imports were brought in by the domestic producers themselves.

However, the ITC rejection has given impetus for the industry's drive for quotas. And an indignant Senator John Danforth, chairman of the Senate Finance Committee, is introducing other legislation to amend the trade remedy laws in a way which would compel the ITC to find injury in cases like footwear.

The profit margins for footwear, said Republican Senator William Cohen, are limited to a few large companies. "Only the survivors in this ravaged industry have turned a profit, and the number of survivors is dropping fast," he argued.

The Danforth proposal stipulates that high profits do not prelude a finding of injury and that the ITC should be required to consider factors like plant closings and unemployment in its decision.

Meanwhile, protectionist interests are *strongly* supporting a Bill in the House which may be joined with Senator Danforth's proposal. It would strengthen Congress' role in trade remedy cases by letting ITC recommendations stand, unless Congress specifically approves Presidential modifications of its findings.

Steel quota legislation has gained strength in both houses, and President Reagan is expected to give an early decision on steel now that Congress has returned.

Although the Bill has strong support in the House and 207 sponsors, it has been held up by Mr Sam Gibbons, chairman of the Trade Subcommittee, who prefers his own legislative approach—a streamlining of trade remedy laws. His proposal would make actionable for countervailing duties foreign products which are subsidised at the point of manufacture or make use of subsidised natural resources.

Mr Gibbons was forced to drop from his Trade Remedy Reform Act a provision which would have made industrial targeting an offence punishable by countervailing duties. The unions and several legislators who support other provisions in the Bill, argue that the U.S. itself should adopt a targeting strategy. The Bill now asks for studies of industrial targeting by the Commerce Department, the U.S. Trade Representative and the General Accounting Office.

The one piece of trade legislation the Administration wants, renewal of the Generalised System of Preferences (GSP) is mired in committee along with the rest of the Trade Bills. The GSP, which extends duty-free benefits to developing countries, is due to expire on January 4 next year.

Despite the November elections, free trade sentiment is still strong enough in Congress to prevent most protectionist measures. In his rhetoric, the President Reagan, who has succumbed to industry pleas in the past still promises to resist new pressures.

"We and our trading partners are in the same boat," he said earlier this year of protectionism. "If one partner shoots a hole in the boat, it doesn't make sense for the other partner to shoot another. Some call that getting tough. I call it getting wet—all over."

Will the president offend 200,000 steelworkers in the large industrial states? Will he resist the copper producers in the friendly Western states? Will he seek the gratitude of blue collar voters in the textile mills of the South? Presidential resistance to the protectionist tide may well depend on his prospects for re-election come autumn.

Japan cleared in steel valve complaint

THE U.S. International Trade Commission (ITC) has ruled that imports of steel valves from Japan are not injuring domestic producers, AP-DJ reports from Washington.

The ITC decision, reached on a vote of four to one, was a final ruling under the U.S. Anti-Dumping Act.

The trade panel's decision means that the Commerce Department will dismiss a trade complaint brought by U.S. producers of various types of iron and steel valves against the imports from Japan.

ITC officials said the steel valve imports from Japan involved in this inquiry totalled about $8.4m (£6.4m) in 1983.

● The American Textile Manufacturers Institute (ATMI) has charged Colombia and Panama with subsidising textile and apparel exports.

The U.S. industry group said similar charges, alleging violations of the countervailing duty law, will be filed against Mexico and the Philippines later this week.

The four new trade complaints will bring to 13 the number of textile and apparel-exporting countries facing investigations by the Commerce Department concerning demands by the ATMI and two U.S. trade unions that imports from these countries should be subject to penalty duties to offset foreign government subsidies.

AMERICAN NEWS

U.S. prices rise 0.2%

BY STEWART FLEMING IN WASHINGTON

U.S. CONSUMER prices rose a moderate 0.2 per cent in June, the same as in May, providing further confirmation that in spite of rapid economic growth inflation is not heating up, the Labour Department reported yesterday.

Separately the Commerce Department reported that new orders for durable goods in June fell 3.2 per cent, the second monthly decline in the past three months.

Orders for machinery and transportation equipment were down but the decline in non-defence capital goods followed an 11.9 per cent rise in this category in May.

The moderate June increase in consumer prices brings the rise in the index for the first half of the year to an annual rate of 4.1 per cent.

Optimism over outlook for Canadian economy up to end-1985, says OECD

BY W. L. LUETKENS IN LONDON

"THE OUTLOOK for the Canadian economy up to end-1985 is generally favourable, with growth remaining relatively strong, inflation moderate, and the current account in surplus," the Organisation for Economic Co-operation and Develoment says in its annual report on Canada.

The report says output was faster than expected at the time of the last report, that wage and price inflation rates had been halted, and that profits had rebounded, allowing corporations to strengthen balance sheets. Productivity had gone ahead, too, after several years of mediocre performance.

On the negative side, the secretariat's forecasts include a marginal drop in unemployment, which averaged 11.9 per cent in 1982. Moreover, only 70 per cent of the jobs lost in 1981-1982—the period of the heaviest post-war recession in Canada—had so far been recovered.

Fixed business investment has performed poorly in the recovery, though the report looks forward to a picking up in the remainder of this year and being sustained in 1985.

The secretariat's forecasts are not without reservations. The most explicit relates to the danger that a rise in U.S. interest rates will spread outwards. U.S. rates have, in fact, risen since the report was finalised on June 25.

An unusually strong current external account has helped support the Canadian dollar although the report says the *room for manoeuvre* is restricted. The monetary authorities in Canada appeared to have accepted the consequence of some decline in the Canadian exchange rate. (The Canadian dollar has been extremely weak most of this year vis-a-vis the U.S. dollar, though not against other major currencies.)

The report says the inflationary risks of a further decline neded to be carefully weighed.

The merchandise trade surplus, the secretariat estimates, will rise from US$ 15.2bn (about £11.5bn) in 1983 to $18.5bn *this year*, with little change in 1985. The current account, long a source of worry but back in modest surplus since 1982, is also expected to remain in surplus equivalent to 0.7 per cent of GNP this year and 0.6 per cent next.

The secretariat warns that these forecasts are subject to uncertainties, including pressures from U.S. interest rates.

A special section of the report deals with resource industries, which play a larger part in the Canadianu economy than in those of most other industrialised countries. The authors note that Canadian mines were exposed to subsidised competition from Third World countries badly in need of foreign exchange. Both the mining and forest products industries in Canada would require large injections of new capital, the report says, and goes on to cite Canadian official studies suggesting that investment plans over the next few years were insufficient.

The report adds that these industries were beginning to respond to the challenges before them, in part by adopting new technologies. This section of the report cotains one of the Secretariat's rare and always discreet hints to member governments. It pleads for the maintenance of an economic climate favourable to investment as well as to research and development.

Behind that phrase one can sense the secretariat's doubts about the Canadian practice of screening foreign investment with the right to disallow it where it is not thought to bring significant benefit to Canada.

With the end of the Trudean era in Canada, it is probable that the entire screening procedure will be reviewed by whichever government is returned at the general election of September 4.

CANADIAN PROSPECTS

	1983	1984	1985
GNP	3.0	4.5	2.9
Private consumption	3.1	3.2	3.1
Government consumption	0.3	3.9	2.6
Gross fixed invest.	−3.9	0.8	4.2
Public	2.9	9.7	3.6
Private	−4.5	−0.7	4.2
Residential	27.6	−1.0	3.5
Non-res.	−12.2	−0.6	4.5
Exports of goods and services	6.4	12.1	3.9
Imports of goods and services	8.7	10.2	4.1
Consumer prices	5.9	5.0	5.2
Unemployment rate	11.9	11.3	11.0

Source: OECD

SEC 'probing largest insider trading case'

BY TERRY DODSWORTH IN NEW YORK

THE SECURITIES and Exchange Commission (SEC), the regulatory body for the U.S. securities industry, is investigating what is believed to be the largest case of insider trading in Wall Street history.

According to lawyers who have been co-operating with the investigators, the case is centred on takeover situations in which share price movements may indicate some forewarning of possible bids for the companies concerned.

The SEC net has been flung very widely over 40 different transactions involving profits which may be as high as $40m over a seven-year period.

Although the SEC is refusing to comment on the investigation at present, the move underlines the increasing emphasis it is giving to the crackdown on insider trading.

Under the chairmanship of Mr John Shad, the Commission has brought more actions against alleged insider deals – in which benefits accrue to investors by acting on non-public information – than in the past.

The present inquiry appears to have started in Wall Street, but has now been broadened to Switzerland to take in Ellis, a Swiss securities *firm. According to reports in New* York, the U.S. Justice Department has approached the Swiss authorities to co-operate in the investigation.

Mr Michael Schwartz, a partner in Wachtell Lipton, one of the leading takeover law firms in New York, confirmed yesterday that a former employee had been questioned as part of the SEC probe.

He stressed that the firm was in no way under investigation itself, but indicated that the authorities were interested in trading in a variety of takeovers. Some of these involved Wachtell Lipton clients, he said, and some did not.

The initial indications are that the case may centre on an international trading network routed through Switzerland and involving investors who may be domiciled either in Europe or the U.S. Wall Street is known to watch the investment policies of some European, and particularly Swiss, securities houses closely, on the grounds that they have a successful record in U.S. takeovers.

The involvement of overseas investors in alleged insider trading is a problem that the SEC has been proposing to tackle through a new system which would bring foreigners under a similar regulatory control to that applying to U.S. citizens.

In the meantime, it is dependent on an understanding on financial disclosure between the U.S. and Swiss covering the Swiss banks. Under this agreement the Swiss authorities recently disclosed the names of a number of individuals who traded through Swiss banks in the shares of Santa Fe International before its takeover.

It is not clear, however, whether Ellis would be covered by this accord, since it is not a bank.

Havana to ask for nine-year rescheduling of $100m in debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

CUBA is to seek a nine-year rescheduling of about $100m in medium-term debt falling due to commercial banks this year, a spokesman for Credit Lyonnais said in Paris yesterday.

Terms of the proposed rescheduling were agreed after last week's accord between Cuba and Western government creditors who are to reschedule about $250m in debt falling due this year.

The bank rescheduling is to include a margin of 1⅞ per cent over Eurodeposit rates or 1⅝ per cent over the relevant domestic best lending rate for the currencies involved.

Cuba has no dollar debt and its borrowing is entirely in Canadian dollars, Yen, D-Mark and Swiss francs.

Repayments are to begin after a grace period of five years while Cuba is to pay a renegotiation fee of ⅞ per cent.

The committee of leading bank creditors, which is chaired by Credit Lyonnais, has agreed meanwhile to a further 12-month extension of about $380m in short-term debt for a margin of 1¼ per cent above Eurodeposit rates and a ¼ per cent fee.

The terms of the new rescheduling agreement are now being sent to all Cuba's 105 creditor banks, who are expected to sign the deal towards the end of September.

The margin Cuba will pay this year is ½ point less than in 1983. Bankers say the drop is in line with the trend for other reschedulings, although unlike other borrowers Cuba has not sought a multi-year agreement.

● Bolivia's freely disposable foreign exchange reserves have fallen to only $32m, Sr Oscar Bonifaz, Finance Minister, told creditor banks.

None the less, the committee of leading creditors, which is chaired by Bank of America, said in a telex to all creditor banks that it could not accept Bolivia's unilateral decision to pay no interest for the next three months.

Resumption of debt negotiations in October is conditional on Bolivia making minimum interest payments without which "the committee will be required to consider and recommend alternative actions to creditor banks."

Weinberger attacks report on defence

BY OUR WASHINGTON CORRESPONDENT

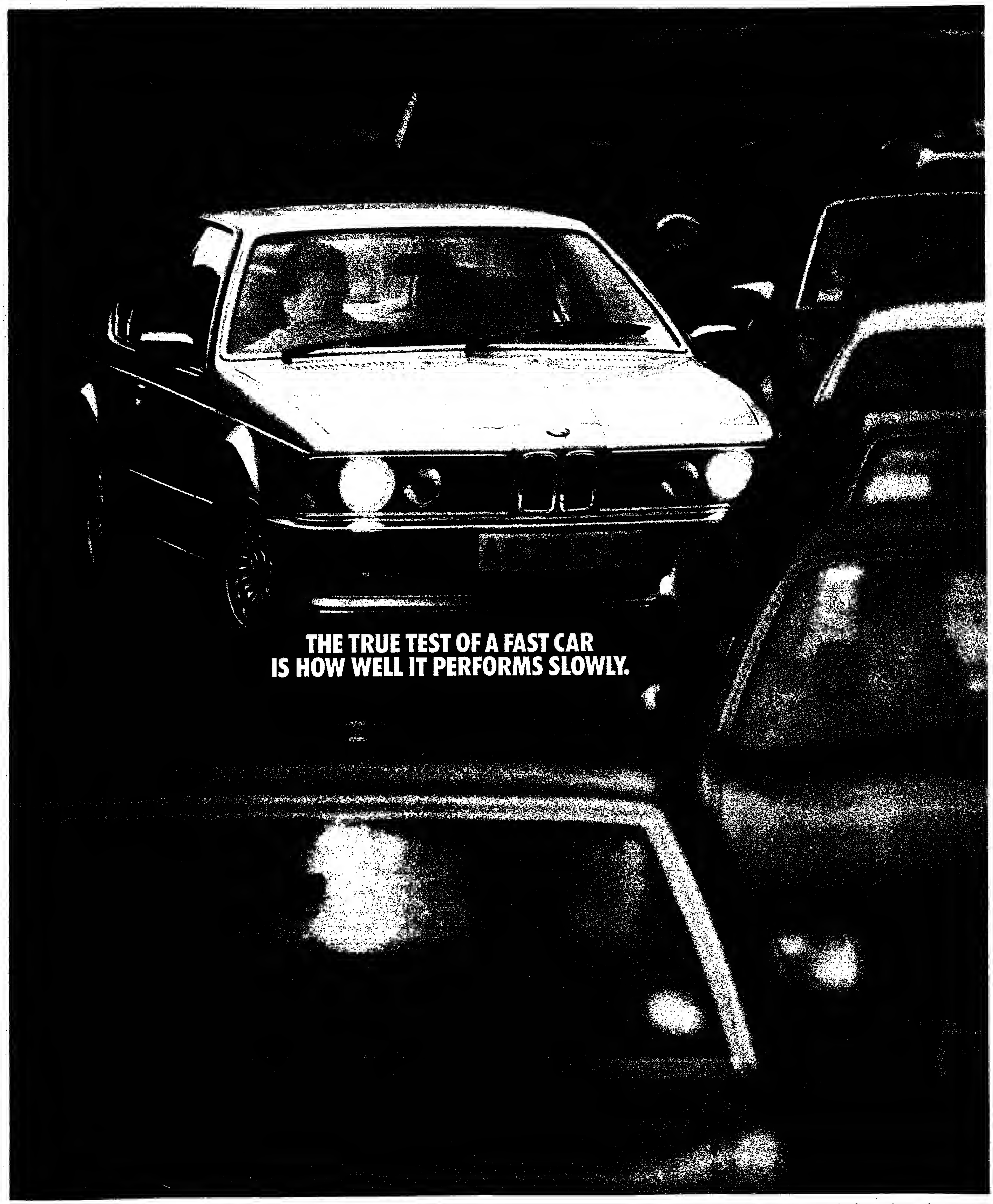
MR CASPAR WEINBERGER, the U.S. Defence Secretary, has charged that the recently released congressional report criticising the ability of the armed forces to sustain combat against the Soviat Union performs a "dangerous disservice to the United States."

Mr Weinberger said that although the U.S. has a *long way* to go to improve the readiness of its armed forces, their war fighting capability has "increased enormously" since 1980. He suggested that the publication of the report last week by the House of Representatives Appropriations Committee was politically motivated.

Responding to Mr Weinberger's attack, Mr Joseph Addabbo, chairman of the committee which carried out the investigation into the readiness of U.S. armed forces, said that far from weakening national security the release of the report enhanced it "because it forces the Administration to make the proper moves to correct deficiencies." He added: "They have been spending money in the wrong places."

The release of the report coincides with an intensification of the debate about defence spending on *Capitol Hill*. Congress is still searching for a compromise about 1985 defence spending, with the Republican-controlled Senate seeking a real increase of 7.8 per cent, whereas the Democrat-controlled House has proposed only a 3.5 per cent rise.

The Democrats have made it clear that they intend to make the Administration's defence budget a theme of their presidential election campaign, a decision which will make it much harder *now to reach* a defence budget compromise.


THE TRUE TEST OF A FAST CAR
IS HOW WELL IT PERFORMS SLOWLY.

Survival course for the striking miners

THE men involved in the UK coal dispute have lost five months' pay. David Goodhart describes the ways in which they and their families have been able to cope.

WHAT IS life like for Britain's 145,000 striking miners as the fifth month of the stoppage draws to a close? With peace talks apparently sbelved for the foreseeable future, the state of the hearts, mind and stomachs of the strikers becomes of increasing importance.

The evidence does not give much encouragement to the National Coal Board (NCB) in its attempts to persuade the men to go back to work. Prising open the coalfields of Scotland, Durham, Yorkshire, North Derbyshire, South Wales and Kent – all almost solidly on strike – depends on a degree of economic and community collapse which has simply not manifested itself.

In fact the opposite has bappened. The strike bas rekindled a community spirit some believed long dead and the mineworkers' union bas organised its own welfare state in miniature to mitigate the worst of the hardship.

Most families are managing to cope on a balf or even a third of their previous incomes and the lifestyle even bas its advantages – at least in the summer.

Mr Gordon Butler, secretary of the North Derbyshire National Union of Mineworkers (NUM), stresses health rather than hardship: "I'm seeing a differet set of members now – they've got suntans and fresh complexions for a change. They're beginning to appreciate what living on the surface is like."

Of course there is discontent. The car is probably off the road or even sold, the television may have gone back to the rental shop, the telephone may have been cut off, savings have disappeared

Even local NUM officials like Mr David Crowther in Derbyshire admit that morale does flag. "Eacb milestone, like a new set of talks, gives you hope. When it passes without anything, you hit rock bottom for a while."

Out of earshot of the activists the union comes in for its share of the hlame for the impasse, but traditional loyalties are reinforced by the union's welfare role. For once the union card is – literally – a meal ticket.

Thanks to an enormous administrative effort by the union at local level, the sustenance of central and local government, and the support of the labour movements, the strikers look increasingly as if they could last indefinitely.

The summer, however, is deceptively easy for both sides. The winter will eat up coal stocks faster and boost strikers' morale, but it will also mean higher fuel bills.

Despite Government attempts to tighten up on social security payments to strikers these, ironically, remain the main plank of survival. Single miners receive nothing – and were the first beneficiaries of emergency food parcels.

Miners' wives who are not working are entitled to £21.45 a week social security benefit, but £15 is deducted from that sum for presumed strike pay which the NUM does not pay. Children attract a benefit on a sliding scale between £9.15 and £16.50, but the separate child benefit payment of £6.50 is deducted from this.

The Department of Health and Social Security (DHSS) will pay towards rent and property taxes. And the interest on mortgage repayments for bouse purcbase loans. In the case of rent, the department pays the whole amount.

For mortgage interest it might only pay a proportion. This is aggravating some building societies which advanced the loans, but most accept the inevitable. Mr Nick Rim*mington* of the *Abbey National* in Sheffield says: "There would be no point in repossessing the houses because no one would want to buy them anyway."

A typical miner is Mr Phil Reddisb, aged 32 from Markham in Derbyshire. He is married with two young daughters. His wife receives £11 a week in state benefit plus £13 child benefit. The DHSS pays the interest no his £11,000 mortgage of £19 a week.

Mr Steve Harris, also from Markham, gets only 29p a week from the DHSS because his wife bas a part-time job. He has been eating into his savings to pay a £60 a month mortgage but only bas £80 left.

In the case of Mr Ray Laurence, NUM branch secretary in South Wales, the drop his weekly income has been barely £25. "If we were working I would only take home about £85 a week. At the moment, with two children, we are getting bout £37 from the DHSS and child benefit and they are also paying my rent of £22." He has stopped the payments on his car and home computer.

Most striking miners tive within the boundaries of Labour-controlled councils and these have donated more than £1m.

The donations have been *made* invarious forms, from one-off payments of £30 to each striking miner within the council boundaries, to food supplies or vouchers channelled to those in need. The payments are legal under the Local Government Act 1972, which allows any expenditure "in the interests of the area or all or some of its inhabitants."

Labour councils bave been belping in a number of other ways: payments for children's clothing, free meals during school bolidays, meeting halls loaned without charge.

The Labour Party, trade unions and the public bave probably donated more than £5m. The biggest national donations bave come from the train drivers' union Aslef (£60,000) and the National Union of Public Employees (£50,000). The General, Municipal and Boilermakers Union will soon overtake those, having pledged £1,000 a day since June 11.

The Transport and General Workers' Union has contributed £30,000 nationally but estimates *money from branches and areas* totals more than £100,000. The London branches of the print unions bave kept a steady flow of food

Yet there are some anxieties in the NUM that, at local level the financial support is starting to dry up. Mr David Crowther, in charge of a fund-raising base in Derby, said: "You're finding a few people wbo assume that because they paid £5 in April they've done their bit for ever."

In Wales on *food fund is trying* rather bizarre forms of fund-raising as the house-to-bouse collections cease to cover costs. Last week a group of wives staged a sponsored ferret walk and they auctioned a lamb.

At the start of the strike the NUM's central funds stood at £4.7m. None of that bas been distributed to areas, although some recent donations bave been. Mucb of it is spent.

Many NUM areas such as Yorkshire, with £7.8m in its central funds, are richer than the national union. Area money bas been used for strike activities such as picket duty or paying court fines aod has dwindled fast. North Derbyshire, for example, had assets of just more than £2m at the start of the strike but is down to one third of that. It has been paying £3 a day to each picket.

Most sbopkeepers and businessmen in mining villages are extending credit where they can. Mr John Isaac, a sub-manager of Lloyds Bank, said: "As long as they approach *us and tell us what their* situation is, we are usually happy to help with an overdraft or even a loan for a particularly pressing bill."

Two food centres I visited in Chesterfield, Derbyshire, and Crumlin, South Wales, were both bustling with activity and shifting enormous quantities of food. The women's action committees appeared to be playing a key role.

The Chesterfield centre distributed about 1,000 food parcels in two weekly trips to the 30 local strike centres. For some families the food parcels are becoming a lifeline.

At Crumlin, Mr Bernard Skinner, the treasurer, sat counting the money from the latest raffle. Since April 26 the food fund – which covers about 14 pits and 7,000 miners – bas raised about £100,000. Food is bought in bulk from wholesalers.

In Chesterfield and Crumlin they are already preparing for the autumn with firewood parties. In Derbyshire the local aristocracy has beeo glad to allow local miners to clear away their dead wood. The bearable bardship of the strike to date makes it more likely that the logs will be burnt.

Steel production normal despite mass picketing

BY OUR INDUSTRIAL STAFF

MASS PICKETING returned to Britain's main steelworks yesterday as mineworkers sought to make their strike more effective, but the overall production of the state-owned British Steel Corporation (BSC) has returned to pre-strike levels despite the blockades.

At BSC's plant at Scunthorpe in eastern England, however, there have been no deliveries of iron ore for more than a fortnight. The management is believed to be concerned, although stocks are sufficient to last until September.

The works, one of the five main integrated plants of BSC, produced 47,000 tonnes of steel last week compared with its normal average of 60,000 tonnes.

The blockade at Scunthorpe looked likely to continue last night after two days of talks at Immingham docks failed to resolve the issue of how ore would be transported to the plant. Talks will resume today.

BSC said ore pellets at Immingham were needed for the "balance" of ore to feed the Scunthorpe furnaces. British Steel's use of unregistered dockers at Immingham caused the two-week national docks strike.

About 500 miners tried to blockade Scunthorpe yesterday but were turned back by police. Instead they used their cars to block the Humber suspension bridge for more than two hours. More than 90 arrests were made.

There was mass picketing in South Wales outside the Port Talbot and Llanwern steelworks as miners and their wives sought to stop a convoy of more than 130 lorries carrying ore between the two plants. Five lorry windscreens were broken by stones and five women and 18 miners were arrested during fighting.

About 30 arrests were made at Bilston Glen colliery in Scotland when 72 men tried to return to work through the picket lines.

Although British Steel faces a growing problem at Scunthorpe, it has otherwise circumvented the miners' blockade of coal, coke and ore deliveries successfully.

Output nationally was running 8 to 10 per cent below pre-strike levels when the miners' blockade began a month ago. With the help of lorry convoys and co-operation from steel unions, it is believed to be about in the same position as nearly 20 weeks ago. BSC was then producing about 70 per cent of its manned liquid steel capacity of 14.6m tonnes a year.

Lawson clears £228m tax computer system

BY CLIVE WOLMAN

EUROPE'S LARGEST on-line computer system, costing £228m, will transform the assessment and collection in Britain of more than £30bn of income tax each year. It is to be installed by the Inland Revenue in the next 3½ years, after a quarter-century of delay and controversy.

Mr Nigel Lawson, Chancellor of the Exchequer, said yesterday he bad authorised the Revenue to set up 11 processing centres throughout the country.

Computerisation of the Pay-As-You-Earn (PAYE) system will make feasible for the first time several of the most popular proposals for tax reform. These include the introduction of a local income tax to replace property taxes, the integration of tax and social security benefits, self-assessment by individual taxpayers and the overhaul of the taxation of savings and investment.

It could also prove a powerful tool in the investigation activities of the Inland Revenue against tax evaders and fraud.

Mr Lawson's decision comes after nine months of successful testing of the system In 14 West Midlands pilot centres. At present about 600 Inland Revenue staff are engaged in designing and programming the system, but in the next three to four years another 33,000 staff will have to be retrained. The computerisation programme is intended to allow staff cuts of about 6,000.

Computerisation will affect the 28m records of employees who pay tax under the PAYE system. It is also to be extended in 1988–89 to the 3.5m records of the self-employed who pay income tax under Schedule D.

Plans to computerise the PAYE system were first approved in 1962 and one computerised centre to cover Scotland was set up in East Kilbride in 1968. Technical problems and plans to integrate tax and social security benefits – which were utimately aborted – caused long delays, bowever, and required a redesign of the proposed system.

Further delays occurred in 1980 when the Inland Revenue was required, under political pressure, to abandon its proposals in favour of a less technologically ambitious plan. This allowed the project to be awarded to the UK computer company, ICL, rather than its larger U.S. competitors.

Since then, however, the project has advanced according to budget and slightly ahead of its timetable. ICL's reputation as a major project contractor has been established by its success In meeting the Revenue's strict performance conditions.

The only major setback was an industrial dispute last winter over staff cuts and use of the new computers in the West Midlands. An agreement over working arrangements was reached with the Inland Revenue Staff Federation in February.

Criticisms have continued to be made about the design of the system for its alleged inability to facilitate tax reform without incurring large costs.

Earlier this month an Institute for Fiscal Studies booklet suggested that a network of microcomputers io local tax offices would be better suited to integrating tax and social security benefits than the centralised mainframe, batch-processing computers that the Government is planning to install.

Jaguar sale protest

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DISGRUNTLED shareholders forced polls to be taken at a special meeting called by BL, the state-owned motor vehicle group, yesterday to approve the sale of the Jaguar luxury car subsidiary.

The result, bowever, was a foregone conclusion because the Government owns 99.7 per cent of BL and voted in favour of the disposal.

Yesterday's meeting was the final formality to be cleared before Jaguar is sold off via a stock market flotation. Details of the terms are expected within a few days, and dealings in the shares are likely to start in about two weeks' time.

At one point during the meeting, Sir Austin Bide, chairman, said: "There is obviously a strong feeling that shareholders have not got their fair due." This was a "little hurtful" as it was the board's duty to look after the interests of all shareholders.

"It is not true that we don't give a damn about the small shareholders," be protested with uncharacteristic emphasis. Shareholders complained mainly that they were not being permitted to buy Jaguar shares at a discount.

Petrol prices rise by 2.3p

By Dominic Lawson

OIL COMPANIES yesterday followed the lead of Esso by raising UK petrol prices 2.3p a gallon. Shell, BP and Texaco retailers, as well as Esso, set an official pump price of 188.7p a gallon for four-star petrol.

Conoco, which aims to sell petrol at about 1p a gallon less than the majors, said it would maintain that differential.

The move is the second rise in petrol prices since the beginning of June, when it was again Esso which led the field with a 2.3p increase.

There was some doubt yesterday among the oil companies whether the latest rise would increase pump prices in the market place by the full amount. Before Esso's announcement there was already beavy discounting, particuarly in the north-west of England.

Minet's £38m offer falls short of acceptance

BY JOHN MOORE, CITY CORRESPONDENT

A £38.17m offer by Minet Holdings, the insurance broker, to compensate 1,525 Lloyd's insurance underwriting members for the alleged misappropriation of their funds by former executives within the group has not been fully accepted.

The offer, which was conditional on 100 per cent acceptance by the underwriting members, closed at 5pm yesterday. Minet is expected to announce the results today.

Minet extended the offer, which was due to close at noon on July 19, when it became clear 1,335 underwriting members had accepted the deal and 190 underwriting members were holding out for a better offer.

In return for receiving funds to compensate them for the disappearance of their money the underwriting members were asked to assign their legal rights in further recoveries to a joint company controlled by Minet and Alexander & Alexander Services, another insurance broker.

Minet has made its compensation offer with Alexander & Alexander Services, which owns Alexander Howden. Minet has alleged that some of its former executives used Howden companies secretly to channel the underwriting members' funds offshore to companies owned by former executives.

Minet expected early yesterday that up to 99 per cent of underwriting members would accept the offer. Representatives of a 14-man steering committee of underwriting members who have objected to the offer consider, however, that the 190 who had refused to accept were still holding out. These include big investors whose share of any offer made by Minet in money terms could amount to 20 per cent.

Mr Peter Cameron-Webb, one of the former underwriting executives at the centre of the troubles at Minet, earlier this month told representatives of the underwriting members that he was prepared "to make over virtually all of my assets" to the Richard Beckett Underwriting Agencies company, which looks after the affairs of the members.

In addition, Mr Cameron-Webb has offered to make over to the agency two years' net earnings from his new employment in Florida, where he is working as an underwriter on the Insurance Exchange of the Americas.

The Lloyd's ruling council is meeting today to consider the implications of the Minet deal and to study how many underwriting members will be in default as part of their solvency test at Lloyd's through not accepting the offer.

Government applies spending brakes on 18 urban councils

BY HAZEL DUFFY

THE GOVERNMENT yesterday named 18 local authorities who will have their spending powers curbed in 1985-86 in an attempt to limit rates rises (property taxes). The councils are all in urban areas and, with the exception of two, are Labour controlled.

The exercise, known as rate capping, is the latest in the Government's battery of weapons aimed at controlling local authority spending.

It sets expenditure levels by Government for the first time to form the basis of rates limitation. Out of the total, 15 councils will have to contain their spending next year at their budget for 1984/85, amounting to a cut in real terms of 4¼ per cent (the GDP deflator).

Three authorities, including the Greater London Council (GLC) will have to cut expenditure by an additional 1½ per cent.

Mr Patrick Jenkin, Environment Secretary, also announced new proposals yesterday aimed at restricting the freedom of the GLC and metropolitan counties – due to be abolished in 1986 – to hand money over to the London boroughs and metropolitan district councils.

The proposals will be incorporated in the main abolition legislation to be introduced in the autumn, but will apply retrospectively to yesterday.

They amount to the toughest weapon employed by the Government so far in its attempt to control spending by the GLC in particular, and were announced the day before the GLC was due to pass £20m in aid to the London boroughs.

Mr Ken Livingstone, GLC leader, described the proposed powers as "the arrogance of an elected dictatorship in action."

Mr Jenkin's announcement on rate capping met with almost equally harsh criticism from some former Conservative Cabinet ministers. Mr Francis Pym, former Foreign Secretary, accused the Government of executing a U-turn away from its commitment to abolish rates and towards a heavier burden for ratepayers.

Mr Geoffrey Rippon, former Environment Secretary, said rate capping was "arbitrary, dangerous, ineffective, and ultimately costly."

Their criticisms on rate capping were not alleviated by the fact that the rest of the package announced yesterday by Mr Jenkin on local authority spending includes kinder treatment of Tory-held county councils than in recent years.

Expenditure targets for 1985/86, totalling about £21.8bn, have been set at levels which Mr Jenkin admits are "more realistic" than in the past couple of years. Targets for those authorities categorised as low spenders will enable them to increase spending by 4¼ per cent, the forecast rate of inflation.

If, as seems likely, the inflation forecast climbs higher, this would probably be taken into account when the final settlement on Rate Support Grant is concluded in December.

The rise in total spending targets will be about £850m. This compares with a £1.7bn increase asked for by councils, although the Department of the Environment says this was nearer £1.4bn after technical adjustments, indicating that on targets the local authorities have done quite well.

The targets for some of the rate-capped councils, however, have had to be increased to avoid the potentially awkward situation where they would be penalised on targets set lower than the limits specified for rate capping.

The penalties for authorities exceeding their targets are much more severe, however. For every 1 per cent of overspend they will lose block grant equivalent to 7p at ratepayer level, for the second per cent overspend 8p, and a further 9p for each 1 per cent overspend after that. A council spending 7 per cent over target, therefore, will lose 60p for each £1 of grant.

British Gas tops target but profit growth slows

BY IAN HARGREAVES

BRITISH GAS'S profit growth slowed down last year but the state-owned corporation still managed to exceed comfortably the Government's financial target.

In its 1983-84 accounts, published yesterday, it reported current cost operating profits of £668m on turnover of £6.4bn. This compares with profits of £663m on sales of £5.9bn in 1982-83.

Calculated on a historic cost basis British Gas's operating profits fell slightly, from £1.03bn in 1982-83 to £1.02bn last year.

Based on this historic cost convention the corporation made a 22.6 per cent return on its average net assets. On the current cost basis used by the Government in setting financial targets British Gas returned 5.3 per cent on assets, against a requirement to return 4 per cent a year between 1983 and 1987.

The corporation said its current plans projected that the 4 per cent average figure would not be exceeded over the four-year period.

Sir Denis Rooke, British Gas's chairman, described the performance as outstanding. "The corporation's achievements in 1983-84 bear comparison with those of any other business in Great Britain."

The report shows that the year was surprisingly buoyant for gas sales, which rose almost 5 per cent to 17.28bn therms. Domestic gas sales rose 5.9 per cent and there were more modest increases in sales to industry and commerce, as the corporation lifted the last of its marketing restrictions imposed in the wake of the 1979 oil crisis.

Prices were increased 4.3 per cent in January and should rise "at or around the average rate of inflation" in the next five years, the report says.

The corporation expects gas to continue to increase its share of domestic energy demand from the present 57 per cent to 65 per cent by the end of the decade. Demand is expected to level off after that.

BRITISH GAS

	1983-84	1982-83
Turnover	£6.4bn	£5.95bn
Operating costs*	£5.75bn	£5.29bn
Profit*	£668m	£663m
Capital spending	£1.1bn	£0.8bn
Employees	112,000	116,000
Current cost return on net assets	5.3 per cent	5.7 per cent

* current cost basis

After three years of falling volumes in the industrial market, the report says gas sales should also continue to rise to a plateau in the 1990s. In the commercial sector a significant advance in market share is forecast from 30 per cent currently to 40 per cent by 1990.

The project to tap gas in Morecambe Bay, on the north east coast of England, was running up to £200m over its targeted cost of £1bn, but it was still expected to bring the first gas ashore this winter, if only in modest volume, the report added.

The project, like many other offshore oil and gas projects, has been subject to a number of delays and cost over-runs. Mr James McHugh, British Gas's managing director for production and supply, said initial expectations that the Morecambe development would be as smooth as similar shallow water developments in the southern basin of the North Sea had been proved wrong.

With a 30 foot fast-moving tide, platforms had been built "much stronger than originally envisaged." There had also been late deliveries, the best-known of which involves a jack-up rig from Cammell Laird, the Birkenhead shipbuilder, which should have been delivered in January, but which has still not left the yard.

Mr McHugh said a gas flow of 200m cubic feet a day would "most probably be achieved this winter." Eventually production should reach 1,200m or even 1,800m cu ft a day.

Cheque card security tightened

BY MARGARET HUGHES

BANKS ARE to introduce a new cheque guarantee card in October. It will be aimed at reducing the level of fraud which is now costing banks as much as £21m a year.

The standard cheque card, which guarantees payments up to £50, is issued by 20 banks in Britain. Added security features will be incorporated on the new card. The signature strip will be wider and made of paper instead of plastic to discourage attempts to erase a signature, while a three-dimentional hologram will display the symbol of the issuing bank.

Banks believe that these features will make it more difficult to tamper with a signature on a card and easier for retailers to spot forgeries.

ENERGY REVIEW

Mexico revives plans for a nuclear industry

MEXICO DOES not expect to increase its oil exports in the next four years, but it will press ahead with a scaled-down version of its nuclear power programme, according to a draft of the country's long-awaited 1984-88 energy plan.

The new plan will replace one drawn up in 1980 by the 1976-82 administration of Jose Lopez Portillo, when Mexico leapt from self-sufficiency to being the world's fourth leading exporter of crude, and oil jumped from zero to three-quarters of the nation's export earnings.

The draft now under study by President Miguel De La Madrid, is sharply critical of the policies followed during the high spending Lopez Portillo years which ended in Mexico's worst economic crisis of modern times.

But elements of the 1980 programme remain. The most important is the self-imposed 1.5m barrels per day ceiling on crude exports, though the draft hedges bets by saying this will be "subject to revision according to the needs of the nation and the state of the international market."

In keeping with the 1980 plan, the draft proposes that no more than half Mexico's crude exports should go to any one country, nor should Mexico be responsible for more than 20 per cent of any country's imports. At present just under 50 per cent of Mexico's crude exports goes to the U.S.

Both provisions implicitly refer to the U.S., to which Mexico is the leading foreign supplier of crude. Exceptions are made for the beneficiaries of the recently renewed San Jose accord, under which Mexico and Venezuela supply Central American and Caribbean nations with crude on preferential terms.

Exports of natural gas (for which the U.S. is the only customer) are to be steadily reduced as domestic demand grows. Last year the contract under which Mexico supplies a consortium of companies in the U.S. was cut from 300m to 180m cu ft a day because of falling demand north of the border.

But a big growth in domestic use of natural gas is sure to be criticised by those who would prefer to substitute fuel oil.

Officials who support continued export of natural gas to the U.S. argue that the country is in no position to soub any opportunity to earn dollars. Others argue, however, that dependence on a single customer is unhealthy and that gas can increasingly be used domestically as new industrial projects, particularly in steel, and the Cutzamala project to pump water from the south to the capital, come on-stream.

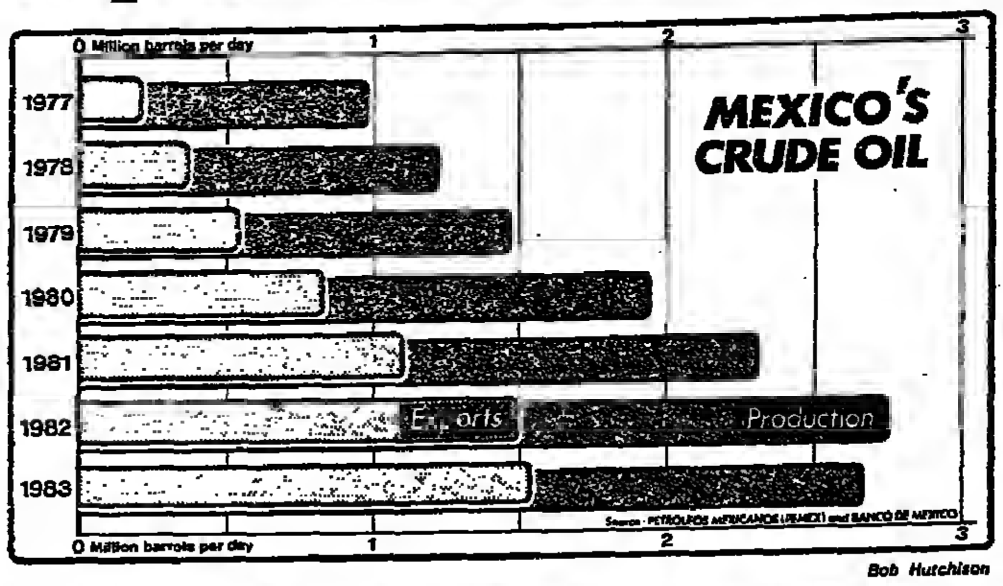
This is only one of the areas of controversy which has delayed presentation of the draft, originally promised for late last year.

Perhaps the most controversial of the draft's proposals is a revival, in much scaled-down form, of the Lopez Portillo plans to develop a nuclear industry.

A nuclear plant has been under construction at Laguna Verde, in the state of Veracruz, since 1972. But in addition to the 1,300 Mw at Laguna Verde, the Lopez Portillo administration became the focus of attention of the world's nuclear industry by planning to install a further 20,000 Mw by the end of the century.

The project was considered over-ambitious by foreign analysts. Tenders were submitted in 1982, just as the economy was collapsing and De La Madrid shelved the project soon after he took office at the end of that year.

The draft says that the first of Laguna Verde's two reactors, designed by General Electric of the U.S., should come on stream in 1986 and that work on the first of three new plants should begin in 1989.



Bob Hutchison

The proposal, however, suffers from the weakness of its predecessor. Mexico's six-year political cycle does not match that of the planning and construction of nuclear plants. By 1989 the present administration will be out of office and the nuclear project left to the mercy of its successor.

The draft drastically revises downward the last administration's estimates of uranium reserves, which it puts as just more than enough to meet the requirements of Laguna Verde—Lopez Portillo claimed that Mexico had more than enough reserves to provide fuel for all of his programmes.

For more than a year, Uramex, the state uranium company, has been closed on the grounds that the Government's plans make uranium mining unnecessary. Antonio Ponce, spokesman for the nuclear workers' union, which represents the miners, says that research programmes have been sharply cut back at the national nuclear research institute.

"The head of Uramex is trying to stifle the nuclear industry. If these new plans are going to come off we have to push ahead now with exploration and mining. Otherwise, Mexico will have to import fuel for power plants, just when it can least afford to do so," he says.

The nuclear project is part of the draft's proposal to achieve a moderate diversification away from domestic use of hydrocarbons for energy generation. Hydrocarbons now account for 85 per cent of all the energy produced in Mexico.

During 1984-88, the draft says that crude production, now about 2.7m barrels per day, should grow by 3.5 per cent a year. Exploration, it says, ought to be geared to maintaining hydrocarbon reserves at 72.5bn barrels, a figure which foreign analysts, including the U.S. Energy Department, consider to be an overestimate.

Most controversy over Mexican reserves surrounds the giant Chicontepec Basin, onshore in Eastern Mexico. The Mexicans claim Chicontepec has proven hydrocarbon reserves of as much as 17.6bn barrels. The U.S. Energy Department, however, has alleged that these reserves are not commercially recoverable.

The Mexican forecasts are based on the hypothesis that GDP growth this year will be 0-1 per cent, followed by 5-6 per cent in the 1985-88 period, and that inflation will be reduced to 20 per cent by the end of the period — an optimistic view, in the opinion of many foreign bankers.

The trend set in the last administration, in which energy consumption outstripped by far the overall growth of the economy, must be reversed by adopting pricing policies that cut back sharply on the energy sector's subsidies to industry and private consumers, the draft says.

Ronald Buchanan
Mexico City

Above-average cutbacks boost Exxon confidence

AS THE biggest oil company in the world selling over 4m barrels a day of products in 70 countries, Exxon has felt the brunt of the fall in world oil consumption in recent years. So at first sight it would appear to be among the most vulnerable to competition from the new Middle East refineries which are coming on stream this year and next.

Exxon, however, is more confident than some of its rivals about the impact of the new output on a downstream market which is already characterised by surplus refining capacity and extensive shutdowns. Despite its size it has streamlined its downstream facilities faster than most of its rivals. The results are now paying off.

Exxon estimates that it has cut its annual operating costs in real terms by around $3bn, or 22 per cent since 1979. Although a lot of this reflects lower sales volumes, the company claims to have cut its unit cost per barrel on clean products by 9 per cent.

Mr Don Cox, one of Exxon's senior vice presidents, recently told New York investment analysts that Exxon was confident that it could beat the competition from the new Middle Eastern refineries.

To match the 20 per cent drop in worldwide industry oil sales since 1979, Exxon has restructured its downstream refining and marketing operations. It believes that it has gone considerably further than the oil industry generally.

- Since 1978 it has shed 15,100 jobs in its downstream operations, a 22 per cent reduction. Over half of the cutbacks were on the marketing side.
- It has cut its worldwide network of service stations by 14,100, or 22 per cent, to achieve greater unit throughput. Exxon estimates that the industry generally has cut the number of service stations by only 15 per cent since the 1978 peak. Exxon still operates 50,000 service stations of which nearly two-thirds are overseas.
- To control its distribution costs Exxon has disposed of 160 terminals, a 30 per cent reduction. Rationalisation has led to an increased throughput of 16 per cent per terminal on average, since the cuts were made.
- The group has reduced its refining capacity by 1.3m barrels a day, or 22 per cent. Since 1978, it has closed or sold 13 refineries. Last year alone it shut plants in Montreal, Milford Haven, Bordeaux, and sold its Greek refinery. By contrast it claims that the rest of the industry has cut refining capacity only by 10 per cent over the period.
- Exxon's tanker fleet has been cut by over a third or 8.4m dwt. It has sold or scrapped 36 tankers and says that it has gone considerably further in trimming this side of the business than its rivals whose cutbacks average around 15 per cent.
- Crude and product inventories have been cut by 25 per cent since 1978 and 35 per cent from the 1981 peak. Exxon estimates that the overall industry decline is 15 per cent over the same period.

In addition, Exxon has been upgrading its sales mix, concentrating on higher value added clean and specialised products and reducing production of the low value heavy fuel oil. Clean products now represent 80 per cent of Exxon sales compared with 70 per cent in 1979 and the target is 88 per cent by the end of the decade.

Exxon's sales of fuel oil have fallen by 45 per cent, faster than the industry generally. The group has intentionally shed some 1½ percentage points of market share. Exxon's heavy fuel oil production has been cut by 450,000 barrels a day, or 40 per cent since 1980.

"We believe to stay competitive we need to continue concentrating on increasing our light product yields," says Mr Cox, adding that Europe has much further to go on this score than the U.S. where the conversion of heavy fuel oil to clean products in crude runs is 65 per cent compared with around 25 per cent in Europe.

As for the new Middle Eastern capacity, Exxon is relatively sanguine. It estimates that about 1m barrels a day of refined products are currently coming out of the Middle East, and over the next 12 months two 250,000-barrels-a-day refineries in Saudi Arabia will push up the total exports significantly.

"I do not think the world markets need them, and I'd just as soon they were not there," says Mr Cox. "But having looked at their economics rather carefully I have costs which can beat them."

William Hall
New York

THE ARTS

Television/Christopher Dunkley

Welcome back, the well-turned play

The "Weekend Playhouse" series from London Weekend Television is a remarkable and heartening achievement. The time when the single play was the most respectable thing you could do on television is long gone, partly because David Mercer is dead, and Dennis Potter has been lured to Los Angeles by Hollywood fees (the effect of these two fates being very similar), partly because viewers were fed up with *having* their noses rubbed in the drama of social agony by finger-wagging preacher play-wrights, and partly because television people began to realise that you don't have to go all literary to make serious programmes.

The result has been that the expressions which used to reach us by way of the single play are more likely to come to us nowadays within different formats such as drama documentaries, cinema / television hybrids of the sort favoured by Channel 4's *Film on Four*, and even some so-called mini-series.

Prunella Scales and Judy Parfitt in next Sunday's offering from Weekend Playhouse—"Grand Duo"

So far had the pendulum swung that there seemed to be a danger that the so-called single play would end up as merely a paradoxical description for collections of dramas with one factor in common: work by new writers, for instance, or particularly violent murder yarns, or even tacky American "twist-in-the-tail" stories of the sort now being made by Anglia for its *Tales of the Unexpected* slot (as though there was not enough tacky American nonsense of that sort being made by Americans).

We do still get the occasional special treat, of course: an adaptation of a William Trevor short story, say, or a superb television film such as Schlesinger's *Englishman Abroad*. But it was beginning to look as though the middle ground of drama — the area where you find recognisable modern characters, a concern with all sorts of aspects of the world around us, and above all the desire, or at least willingness, to entertain an audience by telling a story — was being left to the series and serials departments.

"Weekend Playhous" is remarkable because it reverses that trend and heartening because it does so with a collection of plays whose subjects vary widely, whose casts and direction are all top rate and whose stories all have a strong narrative drive. That is not to say they are all equally good, but there is not one which is really unworthy of its Sunday night slot.

Three have already been transmitted: Gawn Grainger's *You Don't Have To Walk To Fly*, David Cook's *Singles Weekend* and Lesley Bruce's *As Man And Wife*. The first, about a disabled hang-gliding enthusiast named Eddie whose dream was to escape his wheelchair by taking to the air, suffered from the writer's tendency to provide speeches for his characters instead of authentically conversational dialogue.

However, a performance of bull-like power from Bob Hoskins in the central role distracted practically all one's attention. Grainger's idea of an invalid inflicting his disability on his wife not by complaining but, conversely, by his perpetual brave perkiness (made all the more infuriating by the knowledge that he crippled himself by falling off a roof while drunk) was a clever one, but Hoskins made it live.

Singles Weekend which followed was a farce by David Cook complete with debagging and a mix-up over hotel rooms, but also a lot of bleak — almost desperate — observations about loneliness, proving that you don't have to write sociological diatribes in order to make points about marriage and modern sexual relations.

As in most of these plays (produced by John Bowen, but cast by various casting directors) *the casting was* both imaginative and highly successful: Brenda Blethyn, who must be turning down more parts than most actresses are ever offered, was perhaps hardly surprising as the bespectacled neurotic who would not leave her father for the singles weekend, but choosing Griff Rhys Jones as the gloomy farmer who provided her sexual initiation was most unexpected.

Last Sunday's work, *As Man And Wife* by Lesley Bruce, was probably the closest to what has become the received idea of the typical single play: Carol Gunter, living in a pleasant terraced house on supplementary benefit after the abandonment of her marriage, lends a spare room to Ed and finds herself suspected by the DHSS of "co-habiting" and therefore liable to have her benefit reduced.

Technically this production was one of the most impressive of the series. Either John Bruce directed it inside a genuine terraced house or he managed to get his crew to give a quite abnormally convincing impression of having done so. Moreover the lighting was unusually subtle and unintrusive. Like all the works in this series Lesley Bruce's script had the old-fashioned characteristics of beginning, middle and end, in that order, what's more.

Yet as with so many recent heart-string-tugging stories of this type on television there was a seeming assumption of sympathy for the "victim" which previous generations might have found questionable. The idea that public money should be used to finance anybody who first has children and then abandons the relationship which provided their support is a recent one and surely worthy of analytical consideration in drama rather than the routine depiction of Mum as woeful heroine and civil servants from the DHSS as heartless monsters.

Next Sunday's play, *Grand Duo*, by Freda Kelsall, is the best of the bunch. On the surface it is a Woman's Journal sort of story about a couple of middle-aged women (played gloriously by Prunella Scales and Judy Parfitt like people out of a Betjeman poem) who, for the first time in 30 years, give a recital of piano duets to raise money for the church roof and promptly find themselves invited to take part in a major Arts Council tour.

Underneath it has a lot of shrewd observations to make about the exploitation of the women by their husbands, an MP and a vicar, and about the enormous lies, deceits, and undeclared accommodations which lurk silently below the surface of the most comfortable looking lives.

Not That Kind of People by Olwen Wymark, which follows, is a thriller with a central formula which has been used too many times before to have much satisfaction left in it, though it does start with the tremendous advantage of starring Gwen Watford.

Change Partners by Julian Bond is the less than joyful story of another series of failing marriages amongst the middle aged with what seems to be an intriguing tribute to Dennis Potter in the form of popular songs from the 1930s running through as counter-point to the action.

And the final play, *Winter Break* by Leigh Jackson, is a modern domestic tragi-comedy about a teacher who feels responsible for the death of one of her pupils, but whose home life keeps turning into situation comedy as various members of her family descend upon her from the north—first a soccer mad brother, then her long suffering mother who has *finally abandoned her* awful father but insists upon phoning to see how he is managing, and so on.

(Incidentally, when is the last time you remember hearing about a husband who had such an awful wife that he felt he had to leave *her*? Bond puts one in his play and after the last decade or so of saintly women and evil men on television it comes like a bucket of cold—or perhaps one should say fresh—water).

If one theme dominates the seven plays it is the appalling fragility of so many modern marriages. However, that is less important than the fact that they prove collectively that narrative drama in the tradition of Galsworthy or Rattigan is neither dead nor forgotten.

It would be a poor show if this were the only type of drama on television today, but being on the contrary the first sizeable batch of its type to appear for some time, it merits an enthusiastic welcome . . . especially since it has been waiting since 1982 for a slot in the schedules.

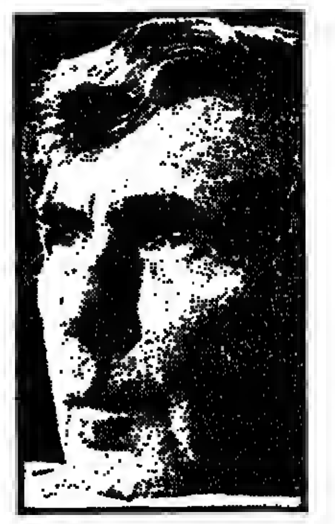
The Mask of Time/Albert Hall

Max Loppert

Tippett's *The Mask of Time*, first performed at Boston in April, arrived at the Proms on Monday for its European premiere. A Radio 3 broadcast of the original Boston Symphony performance, transmitted soon after the event, screwed up the anticipatory excitement, but could inevitably offer little more than a foretaste of a work that last night filled the huge platform with instrumentalists and choristers — and filled the hall itself with sounds ranging from exquisite chamber-music formations (of which the broadcast gave a truthful indication) to massed panoplies for orchestra and chorus designed, like Berlioz's "architectural" choral works, to set the vastest spaces ringing.

Under the physical impact of the live encounter, and of a Prom performance that appeared to do the piece ample justice, I felt, repeatedly during its course, comprehensively at its close, what could only be sensed from the broadcast: that this is the grandest of all Tippett's works. With the composer approaching his 80th birthday in such athletic form it would be exceedingly unwise to suggest that *The Mask of Time* may be intended to conclude any kind of creative activity. But last night it did seem and feel like the summa of his entire composing career, a huge, wonderful compendium of familiar Tippett sounds and ideas given a magnificent new context and drawn thereby to their fullest collective statement. The fact that this "modern masque" is designedly panoramic in subject and style made this a possibility; but it is one that Tippett has fulfilled beyond one's wildest imaginings.

Andrew Porter's notice (in these columns) of the Boston premiere outlined in full, close, and eloquent detail the many textual sources and influences drawn upon in the make-up of its 10 "scenes," the many streams of thought and imagery, musical and literary, that flow together in those movements. Advance perusal of the libretto, though advisable and helpful, may have awoken forebodings as well as excitement. The marvellous thing about the total experience is that it calms almost every one. For in the way that Tippett-followers know well, the music is the substance of which the words are only an emanation; a first hearing inevitably leaves many things still only fitfully glimpsed and sensed, yet listening to *The Mask of Time* is at root an immediate, directly involving



Sir Michael Tippett

experience. Its inventions strike home quickly; their succession and build-up bowl one along.

It is a work that soon wins one's absolute trust because of Tippett's ability to encapsulate his themes in memorable sound-images; the economy, beauty, and variety of the sound-world is a source of constant amazement and delight. The whole grand scheme is based, it seems, on a daring to make and connect simple musical gestures—the "sound" chord which provides the opening moments, and which acts as the work's frame and recurrent reference-point, is perhaps the most remarkable of these gestures, but there are myriad others. The choral chattering (in the "Jungle" movement) or the crypto-ironic organ purveying squashy chords (in the "Paradise Garden") would soon prove cloyingly naive were their use not dictated by mastery of overall dramatic form and progress, and by an overall dramatic purpose in which every such device finds its right and natural-seeming place.

But much of this could be, indeed has been, said of Tippett's other major works of recent decades. What makes *The Mask of Time* such an overwhelmingly grand experience is the breadth of that dramatic purpose, the breadth of vision that a less "innocent" creator must surely baulk at attempting to convey. A new "Seven days of Creation," amplified into contemporary contexts and seen from many cultural viewpoints simultaneously, is after all not a project lightly embarked upon. The measure of Tippett's success is the seamless way the build-up of the first part leads to the emotional intensity of the more discontinuous second, with its compassionate focus on human drama; and the way it sweeps to its close in wordless dancing song, which sums up the vision, and the power of music invoked by Tippett to relay it.

Only brief words of praise and gratitude for the noble, authoritative BBC Symphony Orchestra reading, with combined BBC choirs in brilliant form, conducted by Andrew Davis. Not every contrapuntal strand in the fiendishly busy textures was always exactly in place, yet confidence in larger interpretative matters was already sufficiently assured for such minor details to assume their proper perspective. (If only the performance could be repeated, as the Boston ones were!) A superb team of soloists—Faye Robinson (soprano) and John Cheek (bass) as in Boston, Jon Garrison (tenor) and Felicity Palmer (mezzo)—deserves a whole notice to themselves.

CO of Europe/Barbican Hall

Dominic Gill

The *Chamber Orchestra of Europe* are a halfway hybrid between youth orchestra and professional band, but with every vital professional quality in generous measure. They respond readily to inspired direction — and received that, too, on Monday from the baton of Alexander Schneider.

Their account of Dvorak's E major string Serenade at the start of the evening was a delight; of unanimity, each breath and line exactly placed; of delicate expressive colour, deftly varied; of strong, full tone. Schneider shaped every page with chamber intimacy (in one of his many roles he was, after all, second violin of the great Budapest Quartet for more than 30 years until its dissolution in 1967); eyes closed, it was not difficult to hear a much smaller ensemble. Schneider does not merely make his players play: he makes them listen.

The performance with Tamas Vasary of Schumann's piano concerto was more problematic. Vasary's reading was thoughtful, uneven, always interesting, but too inclined to break apart at climaxes, hectic in its nervous energy — at its best in the quieter music, the hesitant musing of the first movement's episodes, and in the Intermezzo. Schneider's accompaniment was exceptionally tactful and light, even too tactful at some moments of high fervour: there is more wild-eyed excitement in the finale especially than he seemed willing to allow.

Perhaps the restraint was intentional: here alone there were some surprising dislocations of ensemble, both between players and soloists and among the players themselves.

There was no trace of unease in their finale, however, of Mozart's Prague symphony: a bright and splendidly confident performance, taut as sprung steel. The andante, broad and smooth, was exquisitely detailed; and Schneider gave us a wonderful exposition in particular of the first movement's two shifting levels of drama, background and foreground, constantly interchanged—vivid theatre of sound.

Onegin/Dominion

Clement Crisp

The idea of a ballerina and premier danseur who work together constantly and in constant artistic sympathy is one so rare in today's ballet that the merits of such a collaboration are almost unknown. The celebrated pairing of Markova and Dolin, Danilova and Franklin, wrought marvels; in our time the only enduring Western partnership is that of Marcia Haydee and Richard Cragun.

How rewarding, then, to see them on Monday in *Onegin*, at the start of Festival Ballet's season at the Dominion cinema.

Nothing can replace the almost intuitive response between their bodies in pas de deux; nothing, certainly, can rival the passionate tension that exists between them in the closing moments of the second and third acts.

When, after the duel, Tatyana faces Onegin, her head at first bowed and then gradually raised as she faces him, and his head bends in shame under her gaze, we see a blazing moment of theatrical truth.

When, in their last interview, the mature Tatyana fights against his passion and her own response to it, we witness what is a theatrical cliché turned into art.

These scenes alone would have made their guest appearance with Festival Ballet worth while. It goes without saying that the rest of the ballet was everywhere illuminated by their presence, and the playing of Festival's artists provided serious and often responsive support.

Lucia Truglia was a lively, pretty Olga; Maurizio Bellezza, if tending at moments to petulence, rises to the demands of Lensky's tormented solo before the duel. For the rest, the group dances swept strongly across the stage, though I find the country elders at Mme Larina's party tend to be caricatured: old age need not necessarily be marked by the tottering signs of general paralysis of the insane.

Spoleto lacks its old excitement

William Weaver

The biggest success of this year's Festival of Two Worlds in Spoleto was the ballet *Carmen* by—and with—Antonio Gades. Here, Gades is a known quantity; he has been seen before in Spoleto, and he was welcomed back as a local hero. To critics who follow the international scene, his *Carmen* was also a known quality; it came to Spoleto after Paris and London (and after the Carlos Saura film from which it was derived).

Other feature presentations of this year's festival had also originated elsewhere. The Stuttgart Ballet's *Onegin*, which dates from 1965, looked positively threadbare (the leading dancer had a hole in his tights); and—though it was a handsome, fresh production—the Chamber Opera Theatre of New York's *L'Ormindo* had been seen in New York in 1982 and in 1983.

In other words, from being a festival of surprise and discovery, Spoleto has gradually turned into just another stop-over on the big international circuit.

The success of Spoleto U.S.A., the sister-festival held each spring in Charleston, South Carolina, has also, it seems, subtly altered the nature of Spoleto, Italy. Now many productions that arrive here—like this year's two major operas, *Ariadne auf Naxos* and *The Last Savage*—originated in South Carolina. But one suspects that the Charleston audience, which sees very little opera and hears very little music during the rest of the year, is somewhat less sophisticated and less choosey than their Spoleto counterpart. And hence another reason for the lack of daring in the Festival of Two Worlds programme.

Even the noonday concerts—once a source of wonderful revelations of new talent—are now chiefly a gathering of familiar artists. Many of them—like the pianist Bruno Canino and the 'cellist Rocco Filippini—are international stars. The concerts, of course, are almost always enjoyable, but seldom thrilling. And the same could be said for the festival as a whole.

The decline in excitement has not been reflected in the attendance figures, which must be higher than ever. Nearly every event is now sold out, and the last-minute battles for tickets to popular offerings like the concerts and, this year, the *Carmen*, assume dramatic tones.

Is the fight worth it? Sometimes. The *Carmen* was certainly impressive; and the *L'Ormindo* (one of the few events for which tickets were unfortunately easy to come by) had a number of fine young voices—Sally Mitchell Motyka was outstanding—as well as a sane staging (by Thaddeus Motyka). Hugh Keelan conducted the small orchestra with sober taste.

Beni Montresor, who created the sets and costumes for this Cavalli opera was also the designer for Gian Carlo Menotti's *The Last Savage* (or rather, *L'ultimo selvaggio*, as it was done in Italian). Montresor created a fairy-tale India of rich silks, gauzy palaces, and plush animals, opposed to a Chicago all white and antiseptic. There was some good singing, too: the clear, icy soprano of Marina Bolgan (Kitty) contrasted effectively with the sweeter, lyrical voice of Cristina Rubin. Menotti staged the work with care, but nothing could conceal the emptiness and silliness of the piece itself.

The Spoleto orchestra, made up of gifted and enthusiastic American students, sounded all right in the Menotti, but for Strauss's *Ariadne* a richer, more mellow sound is imperative: and Christian Badea conducted the marvellous score with a briskness that verged on impatience. Still, in the title role, Esther Hinds was radiant and moving. Cecily Nall was an ideal, perky Zerbinetta; and, in the Prologue, Katherine Ciesinski, after an edgy start, warmed to the composer's music and was profoundly affecting in her big scene.

As almost always with *Ariadne*, the men did not match the women; but Ben Holt's Harlequin deserves admiring mention, not only for the vocal achievement but also for the acrobatics. The direction by Giulio Chazalettes was perfunctory; Ulisee Santicchi's first set was boring, the second, irritating.

Nobody of sound mind would try to see everything on the long Spoleto calendar. I cannot report, therefore, on the Dance Marathon, on the Mongolian Ballet, or on several plays. I did see Virginia Woolf's *Freshwater*, with the original French cast (including Eugène and Rodica Ionesco, Nathalie Sarraute, and Alain Robbe-Grillet), and it was the most fun of anything. Menotti might well consider staging an Italian version (Oriana Fallaci as Julia Cameron, Alberto Moravia as Tennyson, Umberto Eco as Watts?) Certainly, his festival badly needs a dose of imagination.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 20–26

Theatre

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (5464000)

Jerry's Girls (Eisenhower): After so many revivals of Hello Dolly, singer Carol Channing and songwriter Jerry Herman have found a new package for this fruitful collaboration. (2543670).

Oedipus Rex (Concert Hall): Three performances of the Greek National Theatre's controversial production by Minos Volanakis tries to translate the resonances and effect of the ancient text into modern Greek. After three performances starting on Thursday, the production moves to the Los Angeles Olympics Arts Festival. Kennedy Center (2543670).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (9779370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (7578646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (2396200).

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is on inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (2396262).

TOKYO

Cats (Cats Theatre). The specially-built tent theatre, an excellent set, good dancing and Kabuki-derived movement all make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (3201001).

Jesus Christ Superstar (Nissei Theatre). Despite superb lighting, and what has been acclaimed as this musical's best set anywhere, rather a static production in which the Japanese have gone to town on the superstar idea. Also Shiki Company. (3204000).

Kabuki Grand Summer Performance (Kabuki-Za) starring virtuoso Ichikawa Ennosuke. Daytime programme includes spine-chilling ghost story (traditional fare for keeping cool in summer heat). Evening: a journey along the 53 stations of the Tokaido. Ennosuke performs 18 different roles and spectacular acrobatic feats. English programme notes, simultaneous earphone commentary. (5413131).

No : performances at seven theatres, but Shunkan and Funa Benkei outdoor and by firelight (Takigi Noh) is the most attractive of the offerings. Yamashita Park, Yokohama, July 27 only (045 641 4759).

LONDON

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rusing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (8346184).

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (9302578).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (336 6888).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

Het Loo Museum/Apeldoorn

Rob van Mesdag

When Queen Wilhelmina died in 1962, the Dutch Government decided that her palace, Het Loo, should be turned into a museum. But how? That was the question. Should the house and garden be restored or rebuilt to reveal the character and beauty of the 1690s, when it was created as a hunting lodge for Stadholder, later King William III? Or should the conversion to an "Empire" stronghold within a landscaped garden which the French King Louis Napoleon had imposed upon this property be kept intact? The matter was discussed endlessly by historians, architects and politicians.

Finally, the opinion of Harry van Doorn, then Minister of Culture, prevailed, and the 1690 alternative was chosen.

This involved a restoration-in-reverse, begun in 1977 and only recently completed when Queen Beatrix opened the new museum, the pleasure palace of her forefathers. Outside, all the plaster has been removed to reveal the original brick. An extra floor added to the "corps de logis," the central section, in 1914 and a ballroom have been removed. All 19th century windows have been replaced by 17th century sash windows with small panes, newly made in France.

Most of the large beeches and all the soil, to a depth of six feet, have been removed to expose the outlines of the baroque garden so lamentably filled in by Louis Napoleon. In their work, garden archaeologists were greatly helped by a description of the original garden which Dr Walter Harris, physician to His Majesty, had produced at the time. The location and measurement of paths, fountains and statues agreed to the nearest eight-of-an-inch with the discoveries of the archeeologists. Names provided by Harris of plants and flowers were of great assistance during the restoration of the garden.

Sections of cascades and pieces from statues were retrieved from basements of the palace. Inside, the palace reception rooms, bed and dressing rooms, chapel and hall have been redecorated in 17th century style, in strict accordance with descriptions culled from Royal Archives in The Hague. Apart from the Royal Workshops, craftsmen from all over Europe were commissioned to reproduce such items as damask wall covering, replica statues, titles, porcelain objects, stucco and woodwork. The result is a restoration so faultlessly executed that the visitor, even a Dutch taxpayer, will dismiss the cost of it all – £20m – as an irrelevant detail.

The National Museum Het Loo, near Apeldoorn, The Netherlands, open Tuesday to Sundays, 10.00am – 5pm.

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Positive moves from Caricom

LEADERS of the 13-member Caribbean Community (Caricom) have made an encouraging move towards solving their problems of regional identity, security and trade. The recent Caricom summit in Nassau suggests that these Commonwealth members of the Caribbean have realised their survival is best guaranteed both by unity, and by a genuine effort to avoid trade protectionism or recrimination over the U.S.-led invasion of Grenada.

Since the break-up of the West Indies Federation in the sixties, the Caribbean has come to contain the world's biggest concentration of mini-states. The move to go independent, once Jamaica had set the trend, proved irresistible, encouraged by Britain which really had no wish to retain its colonial obligations.

But most of these states have such small populations, limited land areas and tiny economies that their margin for individual manoeuvre and independence is restricted.

Caricom was formed in 1973 to promote greater integration through a common market. As a trading community it has never been easy to run because of the unequal nature of its members. Jamaica, with the largest population and most diversified economy, and Trinidad, with its oil resources, have tended to be in a league apart, always capable of manipulating Caricom to their own interests.

Teetering

On top of this, regional trading links have never been strong. Those with products to sell either find they are complementary, like bananas and sugar, or prefer outside markets. Regional trade is under $500m and accounts for little more than 5 per cent of the total.

During the recession of the past three years the community has been teetering towards disintegration. Jamaica has been obliged to devalue and carry out an aggressive policy of export promotion, while cutting imports. Trinidad, the other giant, sought to protect its high-wage economy from cheap imports and save foreign currency through cutting traditional purchases. What has now saved the day is a new commitment by Trinidad to begin a progressive dismantling of import restrictions, and a general agreement to raise multilateral credits to boost regional trade.

Though no panaceas, with good will this is at least a new start. Perhaps of equal significance is the way Caricom has plucked up courage to include non-Commonwealth countries as observers with a view to eventual membership. Surinam already has observer status and this has now been extended to both the Dominican Republic and Haiti, so breaking down the traditional barriers that have separated Dutch, French and Spanish former colonies. Any logical move towards integration must eventually break these barriers, so giving a complete Caribbean identity to Caricom.

Security

The Caribbean's identity is already being altered in another way by President Reagan's Caribbean Basin Initiative providing duty-free access for 12 years to a wide range of goods in the U.S. market. This will bring the Caribbean more into the U.S. orbit, a view that was evident from Mr Reagan's address to Caribbean Basin representatives in South Carolina last week.

The initiative is an essentially political gesture to encourage moderate regimes and ensure the Caribbean as a U.S. sphere of influence. That the Caribbean is in America's backyard was emphasised by the invasion of Grenada last October. The Americans would like now to see some sort of collective security arrangement, but security has been a divisive issue within Caricom and never formally touched upon. Belize Guyana and Trinidad opposed the Grenada operation while Jamaica and the smaller Eastern Caribbean states welcomed it.

These divisions remain, but by agreeing to differ rather than argue over Grenada at the summit, the Caricom leaders showed commendable realism. At the heart of the community's success in the future lies an effective mutual political understanding and this now needs to be built upon.

Tighter control over defence

MR MICHAEL HESELTINE, the Defence Secretary, appears before the Commons Select Committee on Defence this morning to explain why he has decided to reorganise the top management of his ministry in what many observers see as the most radical such move for more than 20 years.

Judging by the reception the all-party committee gave to two former Chiefs of Defenre Staff last week—who incidentally differed quite sharply on the merits of the new measures—Mr Heseltine is in for a relatively smooth ride today. And so he should be. For as Lord Lewin, who was Defence Chief during the Falklands War, told the Committee after Mr Hesettine's White Paper was published last week, the reorganisation is long overdue.

Mr Heseltine's aim, in his own bland words, is to provide a "defeoce-wide perspective" on strategy, as well as on the programmes for procuring weapons systems, on defence financing and on the conduct of military operations. In good Tory fashion, Mr Heseltine sees his reforms as evolutionary—in particular as completing those introduced by Lord Mountbatten and the then Prime Minister Harold Macmillan 20 years ago. Certainly his perspective is similar to Macmillan's: when he created the Ministry of Defence and the office of Secretary of State for Defence in 1964 he declared his intention was to secure "efficiency, and with efficiency, economy."

Key aspects

There are two key aspects to Mr Heseltine's reforms. First, he has firmly established the Chief of Defence Staff as *the* military adviser to the Government; the Chiefs of Staff of the single services become advisers to the CDS.

The CDS has a whole range of matters under his control, from military strategy and operations to concepts for future battles and future weapons. Most important of all, he will now have the staff to deal with them for all the key operations and planning staff currently serving the single service chiefs are apparently to be moved to the CDS's new combined defence staff.

A similar transfer of staff is being made to the new Office of Management and Budget, which will work alongside the combined defence staff. The vital thing here is that (on paper at least) control of the defence budget will for the first time be fully centralised.

At present central (and thus ministerial) control of the defence budget is weak. The minister and his central, civilian staff set the broad parameters of defence spending but the army, navy and air force are then given chunks of the budget and are responsible for its detailed planning. This not only exacerbates inter-service rivalry and wastes resources but has led to the major reviews of defence spending which have periodically shaken the defence establishment.

The old decentralised system has become quite ill-suited to cope with the problems of modern defence, where the activities of the three armed forces increasingly need to be integrated and weapons designed for more than one armed service. Mr Heseltine's reforms deserve to work.

Whether they will or not depends above all on those required to make them do so. According to officials, fewer than 400 key officers and civil servants will be moved from single service positions to jobs in the central organisations — out of a total of nearly 400,000 in the MoD and the services

Resistance

There is bound to be some resistance to the changes. Some will fear the effects on promotion prospects. There will be other uncertainties, not least affecting service morale, as the reforms shake down. Care must be taken not to give the civilians in the ministry an obvious upper hand, while the service chiefs should not be so depleted of staff that they become determined to fight back.

But the reorganisation, however important, can only be a *means* to an end. That end should be a more rigorous determination of Britain's defence priorities coupled with a more efficient use of its resources.

Mr Heseltine has hinted that, once he has organised the ministry as be wants it, he will turn the searchlight on Britain's defence plans and priorities. He could begin by having his new Office of Management and Budget look very hard at the implications of the Government's acceptance that there can be no real increases in the defence budget after 1985-86. With the peak years of spending on the Trident deterrent approaching and the need to finance a new fighter on top of the existing budget, there are hard policy choices ahead.

Prime Minister Yitzhak Shamir (centre) being congratulated on the election results

Labour leader Shimon Peres: a look of post-election concern

Israel's Election Result

Problems following a photo finish

By David Lennon in Tel Aviv

THE PROSPECTS for peace in the Middle East have suffered a major setback with the results of Israel's general election, as have the hopes for solving the country's severe economic problems.

Voters' refusal to give a clear mandate to any party means that rightwing and nationalist religious parties, opposed to compromise with Arab states, will continue to exert a strong influence on Israel's future policies.

And whatever Government is finally formed will have considerable difficulty in implementing the strict austerity measures deemed necessary to cure the country's economic difficulties. These are highlighted by an inflation rate which soared to 400 per cent in the first six months of this year and could reach 1,000 per cent by the end of 1984 if public and private spending are not sharply curtailed.

But it is not yet clear—and may not be for many days which of the two major parties will form the next Government. The right-wing Likud, which has headed Israel's coalition administrations for the past seven years, is confident that it can retain power, together with the smaller right-wing and religious parties (see panel).

The Opposition Labour Party—which ruled Israel for the first 29 years of statehood and had hoped to return to power this year—also believes that it can form a coalition government, but its chances appear considerably weaker than those of the Likud.

The Labour Party has emerged as the largest party in the Israeli Knesset (parliament), winning 45 to 46 seats, slightly fewer than it gained in 1981. The Likud bloc has suffered a serious setback in seats, emerging with only 40-42 compared with the 47 which it won in the last elections.

The voters remain more or less evenly divided

Yet despite these changes, the voters remain more or less evenly divided in their support for a Likud-led nationalist-religious coalition and a secular-orientated government headed by the socialist-pluralist Labour Party.

More than a dozen small parties have won between one and four seats in the 120-seat Knesset. The gains are across the political spectrum, both on the extreme right and the far left, as well as for centre parties.

This suggests voter dissatisfaction with the two major parties. Because of this the Likud and a number of the junior parties have been calling for the creation of a national unity government which would include both Likud and Labour.

The coming weeks will probably prove to be the most difficult in the long history of coalition-forming in Israel and the calls for a national unity government are likely to gain strength. The problem for Labour is that its left wing, especially its partner, Mapam, would refuse to sit in such a coalition and would split away.

Mr Shimon Peres, the Labour leader, consistently refused to consider joining a coalition during the election campaign. However, following the party's relative failure at Monday's polls, he may well reconsider his position.

When Mr Yitzhak Shamir, the Prime Minister, took over as leader of the Likud last September, following the resignation of Mr Menahem Begin, there were negotiations over the possibility of widening the Government to include Labour. Mr Peres then took the offer seriously enough to submit a list of the conditions which would have to be met.

The negotiations *collapsed* when it became clear that ideological differences between the two big parties were unbridgeable on such issues as the future of the occupied West Bank and the policy of building Jewish settlements on this territory.

It remains difficult to see how these differences could be submerged. One way round the problem might be for a broad coalition to be established with the sole purpose of implementing a tough, new policy designed to restore the economy to health, with such issues as the West Bank left in abeyance.

The Likud and its partners are implacably opposed to giving up any part of the West Bank or the Gaza Strip, which were captured in the Arab-Israeli war of 1967. Mr Shamir, like Mr Begin before him, has frequently called on King Hussein of Jordan to join in peace talks, but he does not intend to offer the King any of the territories which Jordan lost in 1967.

The Labour Party, on the other hand, is not ideologically committed to the expansionist policy espoused by the Likud. It opposes the idea of incorporating the 1.2m Palestinians living on the West Bank and the Gaza Strip into Israel, something which annexation would entail.

Its policy is to offer to return to King Hussein parts of these territories—densely populated by Arabs—while retaining a strip of land along the River Jordan as Israel's eastern defence line.

However, neither Likud nor Labour is willing to contemplate any negotiations with the Palestinian Liberation Organisation, and both of them are opposed to the creation of an independent Palestinian state.

One of the most immediate and urgent problems which a new government must tackle is the economy. Apart from inflation, the country is also suffering from a U.S.$5bn balance of payments deficit, and the foreign debt is in the region of $30bn.

During the election campaign the two main parties spoke about the need to cut government spending, hold down wages, boost exports and reduce imports, while restoring growth to the economy.

Both parties regard as essential a social contract with unions and employers to keep down wages and prices. Such a pact would be easier for Labour to achieve, since it dominates the trade unions. The Likud has long had an antagonistic relationship with the unions' leadership.

The prospect of Likud retaining power must be considered a major achievement for the party, particularly in view of its handling of the economy, and the Lebanon crisis—and the extraordinary resignation of the charismatic Mr Begin from the leadership.

That the party has managed to hold on to the bulk of its supporters is a considerable fillip for Mr Shamir, particularly since Mr Begin refused to take any part in the election campaign.

Both the Likud and Labour made major efforts to attract the Oriental voters—who immigrated from countries in the Middle East and North Africa and today constitute a majority in Israeli society. Likud has traditionally been the champion of this poorer section of the population and its tough line on relations with the Arabs is more attractive to these voters.

But both Likud and Labour have lost votes among the Oriental community, with a new Sephardi Oriental religious party, Shash, being the main beneficiary. It won four seats, a remarkable performance for a party competing in the general election for the first time.

The Likud's poor performance in office has derived in some respects from its inability to attract talented individuals to its standard. There is no guarantee that a reconstituted Likud coalition will do any better in this respect.

This weakness has been especially noticeable in its handling of the economy. It has had four finance ministers during its seven years in office, none of whom proved capable of implementing a consistent and workable economic policy. The prospects for improvement in this sphere are not regarded as being very bright.

The fact that Labour could not capitalise on the failure of the Likud government must be regarded as a major disaster for the party's leaders. The political futures of Mr Peres, and of Mr Yitzhak Rabin a former Prime Minister, and his rival for the leadership, *must now be in some doubt*.

Labour may need to reassess its whole approach

During the election campaign Labour tried to blur the ideological differences between it and the Likud in an attempt to win votes from the centre. But despite hyperinflation, the controversial war in Lebanon and the army's continued presence there, Labour failed to attract any increase in support.

Labour may now have to reassess its whole approach, and return to a greater emphasis on its socialist roots. Perhaps the greatest blow to Labour's pride came in the kibbutzim, the traditional stronghold of the left, where support for the Labour Party dropped by 10 per cent compared to the 1981 elections.

SMALL PARTIES THAT HOLD THE BALANCE OF POWER

SINCE ITS inception, Israel has always been ruled by a *coalition government. Monday's* general election has done nothing to change that position.

There are expected to be 15 parties in the new Knesset. Some of these could join forces with the rightist Likud or the leftist Labour, depending on which offers the better deal.

One party which has been in every coalition government since the founding of the state is the National Religious Party. Though its strength has diminished in recent years, it will still play a *pivotal* role *with the four* or five seats it is expected to win.

Its insistence on maintaining the religious status quo in society is in sharp contrast to the extreme orthodox parties such as Agudat Israel and Shash Morasha which advocate Israel being turned into a theocracy with all citizens forced to live under Torah or Old Testament precepts.

Another party from the moderate religious camp is Tami, led by Aharon Abuhetzira, who was convicted last *year on three counts of fraud.* This was no doubt a major factor in the decline of Tami's appeal for the party has lost two of its three seats.

Much was hoped for a new, centrist party, Yahad, which was created by Ezer Weizman, the former Likud defence minister. He produced, directly and starred in a campaign that had a personality in place of a platform, and his party finished up with only two seats.

At the other end of the *personality spectrum,* American-born Rabbi Meir Kahane of the racist Kach Party, won a seat for the first time. He advocated the *expulsion* of all the Arabs from Israel.

The party's platform led to its being banned by the Central Elections Committee, but the decision was overruled by the High Court.

A similar ban was imposed on the Progressive List for Peace, a joint Arab-Jewish party which advocates a Palestinian State. The High Court overruled the *committee's fears that it would* be a danger to the State of Israel, and it went on to win two seats.

The *traditional allies* of both major parties all gained a little ground in these elections, probably at the expense of their larger colleagues. In the Labour camp, Shinui, which has a social democratic platform, gained an extra seat. The Citizens' Right Movement, the only party led by a woman, added two seats to its previous total. These two parties between them have six seats to offer *Labour towards* a coalition.

Tehiya, the right-wing expansionist party had three *seats in the last Knesset* and now has four to offer Likud, in return for assurances on the continued impetus for the *settlements* programme.

The Communist Party held its four seats but will not invited into any coalition, though the Labour Party could probably rely on its parliamentary support on most issues.

Men and Matters

Red wine from France

Jean-Baptiste Doumeng, the is introducing the Soviet Union to the pleasures of Frech wine.

Sportiog a large cowboy hat, he watched the first bulk consignment of 1,800 tonnes from the Charente and Bordeaux loaded on a Soviet cargo ship yesterday—just about the same time as the European Commission was again wondering how to drain its 3.2bn litres "wine lake."

Doumeng, who promised French wine growers he would find them markets in the Soviet Union, intends to export up to two million hectolitres a year to Moscow.

The *French wine will be sold* in Russia under a Soviet label without saying where it comes from. Until now Moscow's bulk *imports have come from* Portugal, North Africa, Aragentina, Spain and Italy.

For Doumeng and his Interagra agricultural and food consortium, the wine venture is the latest in a series of large commodity sales to the Soviet Union. *The "red millionaire"* sold large quantities of meat and wheat to the Russians last year.

Apart from his commercial ties with the Soviets, Doumeng is regularly in the headlines because of his complicated tax problems. Although accused of tax evasion, he recently proved that, on the contrary, the tax authorities owed him money, and received a FFr 16m rebate that caused a political furore.

Strange meeting

A drawing-down of blinds yesterday for the flotation of Mirror Group Newspspers. The obsequies — described officially as the annual meeting of Reed International — were silently observed from the back by a certain Mr Maxwell.

The meeting, at the HQ of the Institution of Electrical Engineers in London, heard Reed chairman Sir Alex Jarratt say that it had been "virtually impossible" to negotiate the sale of Reed's Mirror Group Newspapers to Robert Maxwell's Pergamon Press in an "honest fashion."

Maxwell had kept up the pressure, piling offer on offer in "a remarkable performance" over 10 days.

The meeting then moved on to other matters with one shareholder, who also claimed to be a journalist, inquiring why he had not been invited to Reed Press conferencea.

Another man, with an eye to the main meal, stood up and asked baldly: "What about lunch? I hope there'll be a buffet next year, but I'd like to know why there isn't one now." Sir Alex replied gently that if he had provided lunch, he might have been accused of being "too plush."

What would the Mr Maxwell at the back of the hall have thought? There he was, James Clerk Maxwell, first Cavendish professor of physics at King's College, London, painted for seared sky.

Perhaps this background was as expressive of his achievements as Robert Maxwell's fireworks in reaching his ambition of owning a Fleet Street newspaper.

"We're either a victim of rate-capping or the drought's *caught up with us.*"

Crossed lines

As British Telecom's 115,000 technicians prepare to enter a dispute over pay, their union has, aptly, opened a phone-in service with a recorded message to bolster members' morale.

This move by the Post Office Engineering Union counters the management's own phone-in service for employees, known as Open Line, giving news and views on BT affairs.

The union still has something to learn in terms of presentation, however. While its message yesterday was s dour exhortation to members to give total support to the dispute, Open Line was offering a bright-and-breezy package presented News at Ten-style by one male and one female newscaster.

Art on the side

Among the exhibits at the Royal Academy Summer Exhibition is an abstract showing a rather lopsided skyscraper with another tall building behind it.

The painting is called Calgary Reflections and is the first the artist has ever submitted to the Academy—he started attending art evening classes only four years ago to relax from his job as a chairman of a property company.

Now Sydney Mason, head of Hammerson Property, has a studio in his home and a box of paints goes with him on his travels abroad.

Calgary Reflections doesn' bear much resemblance to his company's specifications for Bow Valley Square in Calgary, Alberta, Mason's company's office complex which inspired it. But then Turner's Bolton Abbey doesn't look much like Bolton Abbey.

Nor is the painting's price—£150—anything like the income which Hammerson receives from the 1.5m sq ft Canadian property.

Mason has seen Hammerson boost its property assets to £1bn in the 25 years he has been chairman and managing director. Pre-tax profits have increased by over 75 per cent in the last two years alone. If his paintings apreciate like that, he seems to be on to a good thing.

Biting words

True to form, Noel Falconer castigated the BL directors yesterday at the special meeting called to approve the sale of Jaguar back to the private sector.

Falconer, leader of the unhappily-named BLISS (BL Individual Shareholders' Society) is an engineer and economist with a picturesque turn of phrase. He once pointed out to Sir Michael Edwardes that the £1.5bn of loss BL had sustained since Sir Michael took over as chairman represented "£1 for every minute since Jesus Christ was crucified."

Yesterday Sir Austin Bide was on the receiving end of Falconer's gibes. Falconer suggested the timing of the Jaguar sale was wrong and that, in any case, BL should hang on to such a valuable asset. "Selling Jaguar is about as sensible as cutting off your arm because it would make a good lunch," Falconer scoffed.

Stock exchange

Not all City stockbrokers are looking for new business, it seems. Asked to connect a caller to the top man at one leading firm, the telephonist replied: "The senior partner only speaks to people he knows."

Observer

ELECTRONICS EXPORTS TO COMECON

The West plugs the high-tech drain

By David Buchan, East Europe Correspondent

A LITTLE publicised agreement in Paris this month has set sweeping new ground rules for the West's military sensitive trade in electronics with the Soviet bloc. The 15 governments—basically Nato plus Japan—thst make np the Co-ordinating Committee (CoCom), the Paris-based body that vets exports to the Communist East, have finally agreed on new licensing controls on computer hardware, software and telecommunications.

Some grandiose claims are made for the new controls. If properly enforced, they could save the West some $20bn a year in extra defence spending now needed to mstch Western-inspired or derived Warsaw Pact weaponry, a senior U.S. Defence Department official asys.

European and Japanese members of CoCom were generally less convinced that ao big a plug was needed to block the strstegic technology drain to the East. But now that CoCom governments hsve settled their differences, they face the formidshle task of explaining to their own indostriee the whys and wherefores of the new controls, and ensuring their compliance.

Western companies have no appeal against the new CoCom rules, and precious little time to get acquainted with them. The new rules will not have the force of law until individual CoCom governments incorporate them into their national legislation, probably by the end of the year. But officials in the UK and elsewhere say they are already using the maximum flexibility allowed under legislation published after the last updating of the CoCom control lists, in 1980, in order to administer export licensing in the spirit of the new regime.

The complex "horse trade" on electronics controls between the U.S. and its European and Japanese allies, which had started with radically differing views on electronics as on other aspects of "strategic" trade with the Soviet bloc, virtually hrings to an end the current review of the CoCom embargo lists which began in October 1982. Most of the 100 major proposals, chiefly from the U.S., which CoCom has been dealing with fell into the three linked areas of computer hardware, software and telecommunications. Only a few issues of substance, on robotics and aero-engines for instance, plus drafting work, remain for CoCom to conclude its longest list review.

Still to be settled is the hroadly related matter of new U.S. export control legislation. Congress is still wrangling over renewal of the Export Administration Act and in particular over the troubling issue, to America's allies, of whether the U.S. should impose greater control on technology leaving its shores, even to Nato partners. Since this was motivated to a large extent by American mistrust that CoCom would ever agree on new multilateral controls, last week's agreement would appear to remove justification for new unilateral U.S. controls on trade with its allies.

The CoCom computer agreement even satisfies the U.S. Defence Department, wbere Mr Richard Perle, an assistant defence secretary and chief srchitect of the Reagan sdministration technology restrictions, bas been sharply critical of allied laxness on export controls in the past.

The portion of the West's exporta to the Soviet bloc which can be considered high technology is relatively small, less than 10 per cent of the total. But the commercial impact of the new Cocom agreement will be significant, not only becaose computers are the biggest single item on the Cocom control list, but also because the old rules are nearly 10 years out of date. An attempt to updste them in the 1979-80 list review ended in deadlock between the U.S. and its allies.

The three main changes are:

● Hardware. Most home computers will be freed from licensing requirements, so that, for instance, the travelling Rusian businessman will be able to take home an Apple computer. The Sinclair ZX 81 machines can be moved back into Heathrow's dnty-free zone whence they were removed several months ago. "We shall be able to relax the present out-of-date controla on low performance non-strategic computers and concentrate on the sensitive items" says Mr Paul Channon, the UK Minister for Trade. Examoles on the "sensitive" computers are the so-called "super-minicomputers" such aa the VAX 780 systems.

● Software. For the first time, Western computer programmers will have to watch their step in the software they write for, and supply to, the East. They will not be allowed to provide programmes for analysis of nuclear or chemical warefare or photographic enhancement, or normally for indigenous Soviet bloc computers. They may not supply software for embargoed Western hardware but, in something of an odd loophole, can do so for existing Western "look-alike" computers made in the Soviet bloc. Ryad and SM computers widely made and used in Comecon are closely modelled, for instance, on the IBM 360 and 370 series, and Digital Equipment Corporation's PDP 11 series.

● Telecommunications. CoCom countries have agreed to stop, at least until 1988, sale to the Soviet bloc of sophisticated telepbone exchanges with "stored program cootrol switching systems," on the ground that this would enhsnce the Warsaw Pact'a existing military command and control capability This would bsve stopped the French sale a few years ago of telephone switching equipment to Leningrad, and will stop any sales by GEC-Plessey of the UK or NEC of Japan to Bulgaria.

After 1988, telecommunications export controls will be reviewed, and probably eased. This is an unusual advance commitment for CoCom to make.

Mr Richard Perle: sharply critical

It is represented as reflecting the strategic perception that in four years Soviet bloc indigenous development will bave made the latest Western controls pointless. But it is also a compromise between key CoCom members. The U.S. fought for longer lasting controla, arguing that otherwise the $2bn which Nsto is currently spending on upgrading public telephone networks in the alliance would be negated.

Western exporters need not lose all hope of a sale to the Soviet bloc if their product appears on the CoCom control list. Many items on the CoCom "industrial" list—as distinct from the "munitions" and "atomic energy" lists—have been made exceptions to the embargo at one time or another, particularly for sales to China, which is supposed theoretically to be equally subject to the embargo.

There is an asceoding ladder of controls, making exceptions progressively harder to obtain. Roughly, the new system for licensing computer items for sale to the Soviet bloc will work like this. CoCom uses a yardstick, not osed in and widely criticised by the industry known as "processing data rate" (PDR). Officials describe PDR as "the measure of the arithmetic performance of the central processor." Computers with a PDR of up to 2 will be free of embargo. This includes most home computers with 8-bit microprocessor chips like the Intel or National Semi Conductor 8080 with, however, restrictions on hard discs and networking capability. Software sold over the retail counter also need not have an export licence.

Then, there is a broad category of computers, up to a PDR of 28, which are on the CoCom list but which can be licensed directly by individual CoCom governments at their "national discretion." Included in this category are most machines with 16-bit microprocessors with something like the Motorola 68000 chip at the top of this range.

All computer bardware above this level cannot be sold to the Soviet bloc, without an exception request being filed to CoCom in Paris and any one CoCom partner having the right to veto it. A subcategory — between PDR 28 and 48—has been created in which "favourahle consideration" of an embargo exception is presumed.

But, sbove this, there is presumption against approving emhargo exceptions, in particulsr for the super minicomputers, specially toughened computers like the U.S.-made Grid and the UK-made Husky (developed for the oil industry), and 32-bit machines considered capable of directing tank fire on the move.

Because of the mismatch in the computer criteria used by Western governments and industry, a nightmarish task is now involved in explaining the new CoCom rules to companies. Even then, companies cannot be sure how long the new rules will last. There is talk in CoCom of making its list review a continuous process—"like painting the Forth Bridge, the minute yon finish, you start again," one official says.

Finally, the old problem of enforcement is now compounded. By freeing most home computers from any control, a senior UK Department of Trade official says: "We will get a load of monkeys off our hack." But the same official recognises that the new rules on software "will cause ns an acute control problem—though that is not a reason for not indicating our areas of concern."

UK transport policy

Why competition is good for travellers

By David Sawers

COMPETITION has become the fashionable prescription for the ills of the British transport industries. The government proposes to abolish all regulation of the bus industry outside London, while the Civil Aviation Authority proposes to abolish all controls over domestic airline services and to strengthen the privately-owned airlines at the expense of British Airways on international routes. These proposals are radical by the gradualist standards of British politics, especially those for the bus industry, but they are less surprising in relation to recent happenings in the U.S.A.

The deregulation of the American airline industry six years ago has shown that the established suppliers and their employees may have to make painful adjustments, but that more suppliers are drawn onto the busier routes. The less busy routes have often been abandoned by the larger airlines, but they have mostly been taken over by smaller airlines using smaller and more suitable aircraft. Only a few of the least busy routes have been abandoned as unprofitable. Chaos has not prevailed, and efficiency appears to have been increased.

This result has undermined the credibility of the producers' claims that regulation is necessary to maintain regular and safe transport services. It was always the established suppliers who lobbied most energetically for regulation in the past, who benefitted most from its introduction, and who are likely to lose most from its withdrawal.

The strong desire for regulation among operators results from the un-British ferocity that can characterise competition in transport because the product is difficult to differentiate, entry is cheap, and vehicles competing on the same route are physically close to one another. All these factors apply more strongly to the bus industry than to the airline industry, making the former the industry in which competition is most likely to become cut-throat.

Where passengers do not buy their tickets in advance, as on local bus services, a further element of competition can be introduced: who gets to the bus stop first gets the passengers. This behaviour is part of the mythology of competition in the bus industry, and reflects the importance of high-frequency services to achieve a high share of the market under competitive conditions. While travellers might prefer to see buses competing to arrive first instead of last at the stop, the Government's White Paper threatens to remove the licence of any bus operator who goes to such extremes.

The absence of new entrants to the bus industry helps to explain how costs have been able to rise so sharply—and with such large variations between operators—over the past decade. Local authorities

Progress requires the destruction of monopolistic control

dispensing subsidies have had no choice in most cases for the recipient of their aid; indeed, they often owned the operator. Attempting to improve efficiency under such conditions is fighting with one arm tied behind one's back.

Competition is more difficult to introduce in the airline industry than in the bus industry, mainly because 95 per cent of the traffic of British airlines is international. While the CAA may therefore propose to abolish all regulation over the domestic routes, its proposal for the international routes is limited to transferring some routes from British Airways to the independents and introducing a second British airline onto a few of British Airways' busier routes.

This contrast is a reminder of the extraordinarily restrictive environment in which international air transport operates. The normal arrangement is the pooling agreement, under which two national airlines share a route, agree on how much capacity each will supply, and then share the revenues in proportion to the capacity each provides. Incentives to increase revenue are therefore somewhat weak and the tight control over capacity also helps to keep fares high.

The main assault on this monopolistic structure has come from the charter operators, many of them British, who have been able to build up a second network of services, mainly to holiday resorts, at low fares. This has forced the scheduled airlines to offer some lower fares—often reluctantly, because some European airlines' motto seems to be "the right crowd and no crowding." The right crowd is the business traveller, who is assumed to be willing to pay a high fare and to want a high-grade service.

Real progress towards greater competition and lower fares on international services therefore requires the destruction of the existing system of monopolistic control. This would be difficult to achieve when many governments still regard airlines as instruments of national prestige to be assiduously protected, rather than as carriers of people. A common and competitive market for air travel in the EC may be a logical step, but it seems far from being achieved.

If no progress is made with this concept, the British government might like to consider some more drastic action. The American airlines are forbidden to enter into pooling agreements by their domestic anti-trust legislation, yet manage to fly around the world, so why should not the British restrictive practices legislation also be extended to the airlines? Pooling agreements could then be defended in court.

In the shorter term, ministers would be displaying consistency if they adopted the CAA's proposals for the airlines, despite whatever effect they may have on the sale of BA's shares. They have accepted competition in the bus industry, though the ending of cross-subsidisation is likely to increase the need for subsidies in the short term because they believe there will be offsetting gains through higher efficiency in the longer term. They should therefore go for the longer-term benefits in the airlines too.

The author is principal research fellow at the Technical Change Centre.

Letters to the Editor

Simplicity is a virtue

From Geraldine Kaye

Sir,—The latest consultative document to be issued by the Government takes the form of a 21 page glossy booklet. It sets out the Government's proposals for portable pensions. Admittedly about 3 pages of the total can be attributed to introductory remarks and requests for the public to submit suggestions as to how the proposals can be made workable. Even 18 pages is a lot of paper just to set out outlin proposals. How many chapters of legislation will be required to implement them?

The Government said it was looking for ways to encourage employers to set up occupational pension schemes. Introducing further complications to an already far too complex system is hardly going to help. Surely simplification of the system is what is needed.

The Government proposals for portability could be reduced to a few short paragraphs merely by avoiding any attempt to compensate for decisions concerning contracting in or out of state earnings retirement pensions.

For those who accuse my solution of being too simplistic, I merely urge them to heed the old adage that "Simplicity is a virtue." If the rules for portability are made too complicated, only the most financially aware amongst us will he able to take full advantage, the remainder will either fall prey to bogus advisers (unless they are lucky enough to fiod one of the few truly professional advisers) or will he scared off completely of making use of the option. Hardly what is intended by the Government—I hope.

Geraldine Kaye,
Department of Mathematics,
City University,
Northampton Squore, EC1.

A shared need in design

From the Public Relations Officer, Scott, Brownrigg & Turner

Sir,—Although I fear that exhibitions such as "Women architects—their work," preach to the already converted, if such a review csn even marginally increase the number of women entering the architectural schools, then it has achieved a worthwhile success.

As Colin Amery wrote (July 23), this is a meritorious cause, not just for the sake of baving women there, but because huildings are used by men and women and should, of course, he designed by men and women.

There are a lot of women, however, who don't wish to become architects; some of them choose to become secretsries, librarlans or puhlic relations officers — all jobs which Colin Amery describes as subservient. Five times out of ten they are subservient; fonr times out of ten they are service jobs, without which the average architectural practice, or indeed any other sort of company, would fall apart; and perhaps once out of ten times they are professional jobs taken on hy committed women who are hindered only hy a common perception of their work as being subservient.

There must be a lot of men in jobs which are decidedly subservient but they are fortunate in not being labeled as such.

Madelaine Cooper,
10-13 King Street, W.C.2.

Mothers at work

From the Manager, Europeon Customer Training, Data Generol

Sir,—How well Eleanor Wallis (July 18) sums np the management potential of the working mother. Speaking from the solid foundation of 20 years in husiness, a happy marriage and three fine children aged from 9 to 17, I can concur with her views.

My feeling from the outset was thst a business career snd family life could be combined, given a high degree of organisational ability, a supportive hushand and a tenacity second to none when the going gets tough.

For me this has meant paying for professional, domestic assistsnce—from a trained nanny when the children were small, to a graduate ex-teacher now they are older and in need of intellectual stimulation rather than nsppy changing. It has also meant moving to a larger house to provide adequate privacy for the extended family.

Peace of mind does not come cheaply—bnt it does enable the professional mother to pursue her career and enjoy her husband and children.

(Mrs) Carol Duncan.
Raebarn House,
Northolt Road,
South Harrow, Middlesex.

Minet Holdings' £37m offer to members and conflicts of interest

From the Chief Executive, Minet Holdings

Sir,—Lex (July 21) criticised Minet Holdings in the context of the £38m offer to members of the Lloyd's syndicates managed by our subsidiary Richard Beckett Underwriting Agencies.

The key points of criticism related to conflict of interest. Lex referred to "a suspicion that Mtnet is acting in the better interests of its shareholders rather than of the nnderwriting members." We take strong exception to this criticism, which is as unfair as it is totally unrealistic.

We have never denied that there is an obvious conflict of interest between our subsidiary company and the members on the syndicates. Our solicitors advised members and their agents of this conflict from the outset. At the same time, we suggested the formation of a committee whose express brief would be the rerresentation of members' interests, this suggestion wos rejected.

I find it quite extraordinary that the Financial Times, of the world's newspapers, should criticise Minet Holdings for acting in the interests of shareholders. Our 3,600 shareholders would be entitled to protest most energetically—and to take appropriate action—if we were not doing so. Since the beginning of this sad affair in late 1982, we have protected our shareholders' interests while at the same time doing our best for the syndicate members.

At today's date (July 24) as you and the world's financial media have reported continuously, we have incurred expeoses of approximately £3m on our investigation and recovery efforts on behalf of the syndicate members. If these members have accepted the offer in sufficient numbers for it to be made unconditional this cost to our shareholders will immediately increase to £7m. This is despite leading counsel's opinion that there is no liability whatsoever on Minet Holdings.

Neither we nor Alexander & Alexander Services Inc. ever professed that the offer we announced on June 21 was a perfect solution to members' problems. Indeed, we drew attention to the fact that it was not perfect. We stated that in our opinion — an opinion derived from 17 months of international investigation followed by three months of intensive negotiation — the offer presented each member with a clear choice on how to deal with an extraordinarily difficult and complex situation. We bave coerced nobody to accept it. Any member wishing to decline it and to resort to litigation has been free to do so. A member who accepts the offer, however, has to agree that no further claims will he hrought. Rights of recovery are psssed to the parties offering the settlement. Anyone who has ever heen involved in a legal dispute will know that this is perfectly normal practice.

Lex also criticised the June 21 offer document by stating that the tax implicstions "were not spelled out." On the contrary, as you were aware, we specifically told members of the syndicates that we had sought guidance from the Inland Revenue on their stance in the matter. We pointed out that, at the time we msde the offer, we had not received the Inland Revenue response.

As you were also aware, when we finally clarified the Inland Revenue position on July 6 we immediately communicated the information to all the members and announced it publicly on the same day. Under the circumstances, all members were informed in the same communication that any acceptances of the offer previously submitted could now be withdrawn. As yon ao rightly point out, the tax will be payable whether or not the offer becomes unconditional assuming the Inland Revenue's position is sustained.

Without the offer, names would hsve been fsced with highly complex and costly litigation over a period of many years. I re-emphasise that the objective of the offer has been to offer them a choice between an immediate settlement and a legal hattle. The very widely reported levels of acceptance during the closing stages of the offer illustrate quite grsphically how it has been perceived hy the names to whom it was addressed. At the time of writing it is prohable that the ultimate acceptance level will be 95 per cent.

The vast majority of names have gladly accepted the offer, and have congratulated us on the resolution of a massive problem. Similarly, our shareholders have constantly endorsed our handling of what will now always he known as "The PCW Affair." I think, with the greatest possible respect, thst we have not done too hsdly.

R. W. Petutt.
100, Lemon Street, E1.

FINANCIAL TIMES

Wednesday July 25 1984

U.S. 'ignored Mexican warnings' ahead of debt crisis

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE U.S. Treasury was "asleep at the switch" when the Mexican debt crisis arose in August 1982, according to a study published today by the Group of 30, a consultative group of international monetary and economic experts.

Mr Donald Regan, the U.S Treasury Secretary ignored repeated warnings from Sr Jesus Silva Herzog, Mexico's Finance Minister, that the country would need help because it was running out of foreign exchange. "The dialogue of the deaf averted any chance for a Mexican rescue short of a full-dress crisis," says the study, written by Mr Joseph Kraft, the U.S. columnist.

"The reason Sr Silva Herzog had to create an international crisis on debt was to get the attention of the Treasury. He had to hit them over the head to let them know something was the matter," the study quotes a former White House official as saying.

The study describes the way in which key players in the Mexican crisis groped towards a solution which has now become the model for country debt reschedulings and made Mexico "a useful partner" of industrial countries on the matter of developing-country debt.

It says the U.S. Treasury was deliberately slow to grasp the dimensions of the crisis because of its adherence to free market principles. On taking office Mr Beryl Sprinkel, Under-Secretary for Monetary Affairs, was given a list of countries with debt difficulties, including Mexico, Argentina and Poland, but the study says he waved it aside with the comment: "The market will take care of them."

It is also critical of the terms extracted by the U.S. Treasury for the $1bn advance oil purchases agreed by the U.S. as part of the emergency rescue package of August 1982. Judged as a pure loan, the interest would have come to 30 per cent, it says.

When told the terms, President Reagan accused his Treasury Secretary of having been "hard-hearted," but Mr Regan is quoted as replying: "No, Mr President, I just want to give the American taxpayer the same kind of service I gave to the stockholders of Merrill Lynch." Mr Regan was head of Merrill Lynch before moving to the Treasury.

Mr Kraft confirms that the tortuous negotiations between the International Monetary Fund and the administration of outgoing Mexican President Sr José Lopez Portillo nearly foundered after the surprise nationalisation of Mexican banks on September 1, 1982.

He also discloses that the debate over how to handle the interbank deposits at Mexican banks abroad continued until mid-November 1982, when the advisory committee of leading creditor banks entertained a motion to include them in the rescheduling arrangements.

Such a move threatened the stability of financial markets in London and New York. Mr Brian Quinn, a senior executive of the Bank of England, flew to New York by Concorde to protest, the study says. He was joined by Mr Sam Cross of the Federal Reserve and the idea was finally shelved only three months after the crisis began.

Reviving nuclear plans, Page 8

Israel's parties in coalition struggle

By David Lennon in Tel Aviv

ISRAEL'S two main political parties, enfeebled by Monday's general election in which there was no clear victor, yesterday began the task of trying to patch together a coalition government from among the 15 parties which won seats in the Knesset.

Intensive negotiations which began yesterday are expected to continue for weeks, without any guarantee that either the ruling Likud bloc or the opposition Labour Party will be able to form a stable coalition.

In the wake of the election results, the Bank of Israel suspended trading in foreign currency for 24 hours. After an exceptional drain on foreign currency reserves during the pre-election period, new regulations to try to reduce the flow of dollars out of the country were announced late last night.

Officials denied that a sizeable devaluation of the shekel was also imminent, but on the black market the price of the dollar soared 40 per cent above the official rate yesterday in anticipation of new economic measures.

With only the soldiers' votes still to be counted, it was clear that there was no outright winner in the elections. Labour was credited with 45 seats, two less than it won in the 1961 elections.

The ruling Likud bloc fared even worse, losing five or six seats, and is expected to command only 41 or 42 seats in the 120-seat Knesset. Full results will not be known until tomorrow.

The gains were spread all across the political spectrum in such a way as effectively to divide the House into two almost identically-sized blocs on the left and right.

The confused result marks a major setback for the prospects of a renewal of the peace process in the region. Only a strong government with a solid and assured majority in the Knesset would be in any position to make the concessions necessary to bring about peace with Israel's Arab neighbours.

Problems that follow a photo-finish, Page 10

French fork-lift group files for bankruptcy

BY PAUL BETTS IN PARIS AND JOHN DAVIES IN FRANKFURT

FENWICK-Manutention, the leading French fork lift truck maker, has filed for bankruptcy after the failure of a series of attempts to join forces with a competitor.

The collapse, which comes soon after those of two other significant French industrial groups, Creusot-Loire and Amrep, comes at a delicate time for the newly formed Government of M Laurent Fabius, the Socialist Prime Minister.

It will fuel further the controversy over industrial restructuring policy in France. The French Communist Party, which has left the government, has already given notice that it will combat tough economic and industrial policies.

Fenwick-Manutention, part of Fenwick SA, a privately owned industrial equipment group, ranks 14th among world lift truck makers with annual sales of about FFr 800m ($90.6m) and 1,500 employees.

WORLD LIFT TRUCK MAKERS

Company	1982 turnover DM (m)
Balkancar (Bulg)	1,481
Clark (U.S.)	1,007
Hyster (U.S.)	944
Linde (W Ger)	759
Toyota (Japan)	646
Lansing Bagnall (UK)	494
Jungheinrich (W Ger)	441
Komatsu (Jap)	426
Yale (U.S.)	359
Toyo Umpanki (Jap)	316
Lancer Boss (UK)	269*
B.T. (Sweden)	243
Caterpillar (U.S.)	230
Fenwick (France)	221

* Includes turnover of Steinbock of West Germany, acquired in September, 1983. Source: Fördermittel Journal

A Fenwick SA official said the collapse of its lift truck subsidiary reflected the continuing slump in world demand and a steady worsening of its financial position since it lost FFr 23.5m in 1981.

Many other leading lift truck producers in the U.S. and Western Europe have suffered large financial losses and closed factories in the past four years, but Fenwick is the first to go bankrupt.

The company's problems came to light in January 1983 when it announced that Balkancar of Bulgaria, the world's largest lift truck maker, had agreed to take a 30 per cent stake.

That deal fell through, partly because of opposition from Fenwick-Manutention suppliers.

Negotiations with other lift truck makers, including United Technologies of the U.S. and Lancer Boss of the UK, also got nowhere.

In June 1983 Linde, the West German engineering group, agreed in principle to take a 34 per cent stake, but the deal has never been completed.

St Regis rejects Murdoch bid

BY TERRY DODSWORTH IN NEW YORK

ST REGIS, the U.S. paper and forest products group, delivered a dusty answer yesterday to the $52-a-share takeover offer from Mr Rupert Murdoch, rejecting it "in the best interests of the company."

The response came after Mr Murdoch, the Australian-born publisher who has substantial newspaper interests in the U.S., released details of a letter in which he assured St Regis that he had "every confidence" in the company's management.

The letter, delivered shortly before the St Regis board meeting on Monday, stressed Mr Murdoch's desire that the management should remain in place and that it should continue on the "successful programme in which it had been engaged for the past several years."

It also referred to the "remarkable synergism between our two companies, which will create great benefit for both enterprises" – the first time Mr Murdoch has given a clear indication of why he might want to acquire St Regis.

The St Regis board has previously this year bought out substantial minority shareholdings rather than live with the threat of takeover, but in this case Wall Street suspects that it may well seek to defend itself more aggressively.

The company has recently concluded the acquisition of a 9.9 per cent stake in Colonial Penn, the Philadelphia-based insurance company, in a cash and share deal. This agreement gives Mr Leonard Davis, the owner of the insurance group, a 3.5 per cent stake in St Regis, in what is regarded as a friendly deal.

One of the strategies which St Regis might pursue is to increase its stake in Colonial Penn, or even hasten its pending bid for the group, giving Mr Murdoch a larger pill to swallow

European Parliament elects Pflimlin

By Quentin Peel in Strasbourg

M PIERRE PFLIMLIN, the veteran former Mayor of Strasbourg and once briefly Prime Minister of France, was yesterday elected president of the new European Parliament with a clear right-wing majority over his socialist and communist rivals.

The only discordant note in his election was the open support he was given by M Jean-Marie Le Pen and his neo-fascist group, much to the disgust of left-wing members.

M Pflimlin, 77-year old candidate of the European People's Party, the alliance of Christian Democrats, defeated the incumbent socialist president of the parliament, Mr Pieter Dankert, by 221 votes to 133 in the second ballot.

Sr Altiero Spinelli, Italian communist and champion of European unity, came a poor third.

The deciding factor in the election was a switch to M Pflimlin by the British Conservative group when their own candidate, Lady Diana Elles, withdrew after the first round.

In return for their support, the Conservatives have been promised support by the Christian Democrats for their candidate at the next parliamentary presidential election.

M Pflimlin's success illustrates the ability of the centre and right-wing parties in the new parliament, elected last month, to combine in a clear majority over the left, with or without the neo-fascists. Apart from the Christian Democrats and Conservatives, he was supported by the Liberals and the alliance of French Gaullists and Ireland's Fianna Fail.

However, it was the backing of M Le Pen's newly formed Group of the European Right, combining his own 10-member National Front with five Italian neo-fascists and one Greek member, which infuriated the socialist and communist groups.

Mrs Barbara Castle, leader of the British Labour members in the Socialist group, demanded that M Pflimlin should renounce such support, which he failed to do.

The entire Socialist group, the largest single faction in the parliament, wore white roses to the opening session to commemorate resistance against Nazism in 1944, a symbolic demonstration of their abhorrence of M Le Pen's group.

The Socialists have circulated a motion seeking to change the parliament's standing orders, to require all political parties to make a declaration supporting democracy. They are also proposing a parliamentary inquiry into the rise of right-wing extremism in Europe.

In his acceptance speech, M Pflimlin called for a renewal of the "Community spirit" in Europe, and criticised EEC governments for their excessive use of the veto to delay progress on European policies.

He called for the 10 member states to resolve their differences over the EEC budget, warning them: "Those who are not prepared to enter into a compromise (may) lead this Community to its doom."

He said the consequences of failure would be far more expensive than the cost of bridging the budget gap.

THE LEX COLUMN

Spinning meters at British Gas

The privatisation flame under British Gas Corporation has been turned up and down so many times that sceptics might doubt whether Sir Denis Rooke can ever be brought to the boil. The latest delay, by apparently cancelling the chances of any enabling legislation for the autumn, has certainly left things on a slow burner: but yesterday's report and accounts suggest again why BGC could one day prove a more valuable asset to the Government even than British Telecom.

Total gas and feedstock costs per therm sold have risen by 10.4 per cent in the year to March, lifting the gas bill in aggregate to nearly half of total operating expenses. This has dented BGC's gross margin; but the effect on full operating profits has been impressively contained by another round of cost cutting. Pre-tax profits on BGC's own current-cost basis have also benefited from a £10.9m gain on the net interest account, to emerge at £767.3m against £751.6m.

In the process, unit net trading costs have been cut by 4.6 per cent and a current cost return has been achieved of 5.3 per cent on average net assets. The respective targets set for 1983-84 were 3 and 4 per cent: in exceeding them, BGC has already found savings of well over the £100m mooted by Deloitte, Haskins and Sells last year and has cut the workforce by another 4,000.

If it ever comes to evaluating BGC for the private market, however, the problems look as daunting as ever. Indeed, the group's success has arguably made it more difficult, in so far as a clear-cut pricing strategy looks even more remote. The Deloitte report urged that gas prices should yield a margin over BGC's marginal cost of gas. Rejecting this, BGC has publicly advocated nothing more precise than a strategy able to fit in with the overall profit targets – a criterion now doubly vague since the 1983-84 performance will presumably allow BGC to take a more relaxed view of the targets over the next couple of years.

Evaluating the showrooms might be easier now that they are at last turning a current-cost profit and the basic distribution business must be underpinned by the continuing rise in sales volume. But there are still some daunting obstacles to a flotation. Even assuming that the complexities of the BGC accounts can be cut away, the Government would still face a difficult choice: is it willing to part with such a fecund cash-cow, in exchange for a private-sector beast – one for which no regulatory cattle-pen has yet been devised?

Hoare Govett

Whatever is happening to the value of listed securities, the bull market in London stockbroking firms still appears to be intact. Stage two of the deal between Security Pacific and Hoare Govett puts a value of £78m on the brokerage house, against some £27m at the time of the Stage One transaction, two years ago, which gave the American bank 29.9 per cent.

Hoare's pioneering deal with an outside institution did not include the option to buy control which has been featured in more recent agreements. That has meant that both Hoare and Security Pacific have recently been pestered by other parties who speculated that the Californian bank might be tempted to take a profit of £15m or so on its Hoare stake. Meanwhile the broker's 150 shareholders and option holders just might have been getting restive at the sight of other firms being snapped up at prices which made Hoare's 1982 valuation look pretty tame.

It is now agreed that once the 29.9 per cent rule limit on outside ownership is lifted, Security Pacific will pay around £40m to take its stake to just over 80 per cent (though the existing management will retain voting control for at least five years). Subsequently the bank would inject up to a further £30m to capitalise the broking house ready for an expanded dual capacity role – after which Security Pacific would hold a stake nearer 90 per cent.

For the time being, though, the deal is unsigned – so the door is not quite closed on bids from third parties. They know the price they have to beat.

John Brown

Scarcely a week goes by without John Brown announcing a further disposal from its apparently limitless portfolio of subsidiaries. The process of honing the group down to a manageable number of soundly-financed businesses still has a long way to run, but at least John Brown is hitting – on time – the targets agreed with its bankers.

Losses for the year to March emerged within the forecast figure of £6m at £5.6m pre-tax. The current year will see reduced profits from engineering and construction, due to the bunching of order completions, but the company should still manage almost to cover its monumental interest bill.

Borrowings have fallen £40m from their January peak to £100m, and further working capital shrinkage, together with the expected sale of Olofsson, might reduce debt by a similar figure this year. The fact that, even a year from now, debt will bear no reasonable relation to shareholders' funds of under £40m is scarcely relevant, given the firm support of the group's bankers, but the cost of funding those obligations must be making even John Brown's most loyal supporters a mite nervous.

The group's sterling debt is mostly on a fixed rate of 10½ to 11 per cent until early next year, but John Brown is not so lucky in the U.S., where almost all its $95m of borrowings are interest-rate sensitive.

Riccar's 'bizarre' plan angers Tokyo bankers

BY YOKO SHIBATA IN TOKYO

RICCAR, Japan's third largest sewing machine maker, which is on the verge of bankruptcy with liabilities totalling Y110bn ($445m), made its latest attempt at reconstruction without consulting its chief banks. That casts doubt on the company's ability to complete the proposed scheme, for which a 75 per cent approval from creditors is required.

Yesterday, Mitsui and Long-Term Credit, the two main banks involved with Riccar, said the company's action was "quite bizarre." Instead of seeking rehabilitation under the Japanese equivalent of Chapter 11 in the U.S., it was seeking composition – a process that involved writing off some debt, and the delayed repayment of the rest.

According to foreign bankers in Tokyo, Riccar's difficulties have intensified since the collapse in February of J. Osawa, the middle-sized trading house. Afterwards, many banks reconsidered their exposure and examined more carefully the group accounts of debtors rather than relying only on parent-company figures.

Relations between the company and the banks, however, were strained, due partly to their opposition to the way the company was run. The composition proposal has deepened the ill feeling because it would keep creditors waiting while the existing management would stay in their posts.

Riccar has been turning increasingly to foreign banks in Tokyo for short-term funds as it grappled with its difficulties. Unlike the medium and longer-term loans made to the company by some 60 Japanese financial institutions, those loans are all unsecured.

The outstanding balance of loans by foreign banks to Riccar as of March was Y9.5bn. Paribas, second largest foreign bank creditor of the company, asked Mitsui Bank yesterday if it would accept that its unsecured loan to Riccar be considered on the same basis as the Japanese bank's own secured loans.

Paribas says it was misled by the country's central bank, Bank of Japan, into making the loan. It also understood, the French bank says, that Mitsui was continuing its support operation for the company.

Paying more tax than competitors, Page 3

Marginal gain for Marsh & McLennan

By Our Financial Staff

MARSH and McLennan, the biggest U.S. insurance broker, which disclosed heavy losses from unauthorised bond dealings earlier this year, has managed to increase net profits during the second quarter of the current financial year.

Net profits rose 14 per cent from $25.4m, 72 cents a share to $29m, 80 cents a share, on revenues that rose from $237.9m to $268.8m. Shares in issue rose from 35.5m to 36.2m during the period.

The company also issued figures for the first half of 1984, showing that revenue increased by nearly 11 per cent from $493.8m to $548m.

Net profits for the six months amounted to only $686,000, 2 cents a share, against $61.9m, $1.75 a share, for the same period.

Marsh and McLennan said yesterday that its first-half 1984 results included an investment loss of $110m, reflecting difficulties with unauthorised bond dealings, most of them apparently on the U.S. government securities market.

Earlier this year, it had reported a pre-tax loss of $165m.

Art salerooms have best year

Continued from Page 1

£2.75m paid for a Gauguin; the record total of £4,791,000 from an auction of contemporary art; the Wrightsman collection of French furniture, which brought in £3.4m; and a modern sculpture sale which realised £3.52m, with two works by Maillol fetching a record £785,114 each.

Among other records set during the past season were the £847,000 paid at Sotheby's in London for a painting by Balthus; the £484,000 in the same saleroom for an item of silver, the Duke of Northumberland's Shield of Achilles; the record £270,300 for an item of jade paid in New York for a belt hook and mask; the £45,150, for a Tiffany vase, also in New York, and the £28,600 for a costume at the Serge Lifar sale in London.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Dubrovnik	S	28	82	Malaga	–	–	–	Salzburg	C	19	66
Akrotiri	S	30	86	Faro	S	31	88	Malta	S	33	91	Seoul	C	31	88
Algiers	S	33	91	Florence	C	27	81	Manila	S	34	93	Singapore	C	31	88
Amsterdam	S	19	66	Frankfurt	S	24	75	Miami	C	30	86	Stockholm	F	18	64
Athens	S	29	[illegible]	Funchal	S	24	75	Milan	S	29	84	Strasbourg	F	21	70
Bahrain	S	39	102	Geneva	C	23	73	Moscow	C	19	66	Sydney	F	17	63
Bangkok	S	34	93	Gibraltar	S	24	75	Munich	F	20	68	Taipei	S	35	95
Barcelona	–	–	–	Guernsey	F	20	68	Nairobi	–	–	–	Tangier	S	33	91
Beirut	C	13	56	Helsinki	R	17	63	Naples	S	28	82	Tehran	–	–	–
Belgrade	C	29	84	H. Kong	S	32	90	New Delhi	C	34	93	Tel Aviv	S	30	86
Berlin	C	17	63	Innsbruck	C	23	73	New York	C	30	86	Tenerife	F	31	88
Biarritz	C	20	68	Inverness	S	18	64	Nice	S	26	79	Tokyo	C	31	88
Blackpool	S	23	73	Istanbul	S	29	84	Oporto	S	21	70	Toronto	C	31	88
Bordeaux	C	23	73	Jersey	S	24	75	Oslo	S	21	70	Tunis	S	36	97
Brussels	S	22	72	Jo'burg	F	13	55	Paris	S	24	75	Valencia	–	–	–
Budapest	S	22	[illegible]	Las Palmas	F	27	81	Prague	F	18	64	Venice	S	27	81
B. Aires	C	12	53	Lima	C	20	68	Reykjavik	D	10	50	Vienna	S	22	72
Cairo	S	34	93	Lisbon	S	25	77	Rio de J'o	C	13	55	Warsaw	F	18	64
Cape Town	S	24	75	Locarno	C	24	75	Rome	S	28	82	Zurich	F	22	72
Caracas	C	28	[illegible]	London	S	21	70								
Casablanca	–	–	–	Los Angeles	C	36	97								
Copenhagen	C	19	66	Luxembourg	S	23	73								
Corfu	–	–	–	Madrid	S	37	99								
Dublin	S	18	64	Majorca	–	–	–								

Readings at mid day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

BA wins New York route ruling

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

EFFORTS by the independent British Midland Airways to take over British Airways' (BA) route licence between Manchester and New York have failed.

The UK Civil Aviation Authority (CAA) yesterday said that it had dismissed an application by British Midland to have BA's licence on that route revoked and reissued in favour of itself. British Midland is expected to appeal.

BA has said that although it does not fly the route, it intends to do so from next spring, when an Anglo-U.S. moratorium on additional flights between the UK and U.S. comes to an end.

But British Airways lost an appeal of its own yesterday – against the Civil Aviation Authority's decision, taken some time ago, to grant a licence for the UK-Riyadh (Saudi Arabia) route to British Caledonian Airways (BCal).

Mr Nicholas Ridley, the UK Secretary for Transport, rejected BA's appeal, on the grounds that by flying to Riyadh, BCal would offer competition to BA's own services to Jeddah and Dhahran.

Talks between the UK and Saudi Arabia on the latter country permitting BCal to fly to Riyadh are expected to take place soon.

In the meantime, the CAA yesterday reaffirmed its recommendation to the Government, contained in last week's Civil Aviation Policy Review, that BCal should be given BA's existing routes to Harare, in Zimbabwe, and to Jeddah and Dhahran.

In making its recommendation, the CAA had said it wanted to be satisfied that BCal could raise the additional financial resources to cope with those new routes.

After talks with the airline and its financial advisers, the CAA said it had been given the information it needed, and that BCal would be financially capable of taking over the routes.

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FINANCIAL TIMES
Wednesday July 25 1984

Overseas oil production brings Exxon 26% gain

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, increased its net income by 25.8 per cent in the second quarter to $1.35bn, primarily as a result of increased crude oil production overseas.

Exxon's earnings from foreign exploration and production operations rose by $219m, or 55 per cent, in the second quarter. Domestic exploration and production earnings, however, were only $24m, or 5 per cent up.

The strong performance of the group's upstream activities was partly offset by a $148m drop in worldwide refining and marketing earnings to $82m.

Mr Clifford Garvin, Exxon's chairman, says the drop in refining profits occured despite cost savings and a 2 per cent increase in petroleum product sales. "As the quarter progressed, the markets became increasingly competitive due to surplus supplies and spare capacity. These market place pressures depressed product selling prices and reduced margins," he said.

In the latest period Exxon's revenues rose 8.2 per cent to $24.3bn and for the six months it is 5.6 per cent ahead at £49.2bn. Net income for the six months rose 32.3 per cent to $2.83bn.

Diamond Shamrock, the Dallas-based energy group, yesterday reported more than doubled second quarter earnings from $29.5m to $64.3m or 43 to 46 cents per share.

Mr W. H. Bricker, the company's chairman, said, "The driving force behind this quarter's earnings was substantial volume improvement in worldwide exploration and production activities, which overshadowed a squeeze in refining and marketing margins."

The group's U.S. crude oil production increased 43 per cent to 15,061 barrels a day, and worldwide crude production averaged 75,000 barrels a day, helped by the acquisition of Indonesian oil properties last year.

Ashland Oil, one of the smaller U.S. integrated oil companies, yesterday reported third quarter net income of $36.2m. But after stripping out special items, its third quarter income fell by about a third in the latest period.

The group says that "unfavourable conditions" in petroleum markets adversely affected profits from refining and wholesale marketing.

In the same quarter last year, net profit was $37.1m or $1.03 a share. This year's quarter includes $15.6m from special items.

Atlantic Richfield (Arco), the seventh biggest U.S. oil company, increased its second-quarter net income by 3 per cent to $406.3m.

Mr William Kieschnick, Arco's chief executive said increased crude oil production from both domestic and foreign sources, higher domestic natural gas sales and improved chemicals markets were the principal contributors to this improvement.

Profits before tax from the group's oil and gas operations increased by 17 per cent to $737m, helped by a 4 per cent rise in U.S. crude oil and natural gas liquids production

Northern Telecom orders improve

By Robert Gibbens in Montreal

NORTHERN TELECOM, controlled by Bell Canada Enterprises and now North America's second largest telecommunications equipment manufacturer, received C$1.45bn ($1.09bn) in new orders in the second quarter, up 46 per cent from the first quarter, bringing the order barklog at June 30 to more than C$2bn.

Much of the new demand came from the U.S. Bell System operating company, but domestic and other international markets improved. In the second quarter, Northern earned C$78.7m, or 67 cents a share, against C$62.4m, or 56 cents, a year earlier on sales of C$1.05bn against C$816m.

First-half earnings were C$135.8m, or C$1.17, against C$109.8m, or C$1, on revenues of C$1.95bn against C$1.59bn.

Wall Street firms hit by poor market conditions

BY PAUL TAYLOR IN NEW YORK

TWO MORE major Wall Street securities firms yesterday reported losses in the latest quarter, reflecting the impact of high costs, rising U.S. interest rates and the poor performance of the country's financial markets.

E. F. Hutton and Paine Webber both reported losses, while earnings were down at Phibro-Salomon, the Wall Street investment banking and commodities group, and flat at Donaldson, Lufkin & Jenrette.

Hutton reported a second-quarter net loss of $7.8m or 31 cents a share compared with net earnings of $44.5m or $1.75 a share in the same period last year. Mr Robert Fomon, chairman and chief executive, said it was the firm's first quarterly loss since 1973 and was due to "cost increases related to expansion programmes initiated in late 1982 and 1983, and poor market conditions."

Revenues increased by 3 per cent to $592m from $574m but Mr Fomon noted that a 60 per cent increase in interest revenues was offset by declines of 31 per cent in commissions, 40 per cent in investment banking and 48 per cent in principal transaction revenues.

Earnings for the first half totalled $5.3m or 21 cents a share compared with $81.8m or $3.29 a share in the same period last year. Revenues grew to $1.185bn from $1.073bn.

Paine Webber also blamed a 31 per cent decline in operating revenues, reflecting rising interest rates and "persistently poor market conditions," for the $3.96m loss in its fiscal third quarter. In the same period last year Paine Webber reported net earnings of $23.8m or $1.44 a share. Revenues fell to $377.3m from $413.1m.

The securities firm said commission, investment banking and principal transaction revenues all showed year-on-year declines but added that operating expenses – excluding interest – were reduced by 15 per cent over the 1983 third quarter reflecting, in part, the impact of cost containment measures.

For the nine month period Paine Webber reported net earnings of $10.3m or 81 cents a share on revenues of $1.133bn. This compared with $78.2m or $4.81 a share on revenues of $1.188bn a year earlier.

Phibro-Salomon reported a 10.4 per cent decline in net earnings to $103m or 72 cents a share from $115m or 82 cents a share in the 1983 second quarter. Revenues fell to $6.83bn from $7.95bn. Earnings before taxes were $145m, down from $153m.

For the first half Phibro-Salomon reported net earnings of $223m or $1.56 a share on revenues of $13.58bn compared to net earnings of $231m or $1.68 on revenues of $14.04bn in the same period last year.

Donaldson, Lufkin & Jenrette reported second-quarter net earnings of $6.5m on 43 cents a share compared with $6.3m or 42 cents

Insurance unit holds back ITT earnings

By Our New York Staff

ITT, the U.S.-based multinational, yesterday confirmed its earlier projections of a sharp fall in second-quarter net earnings, reflecting continuing problems at its Hartford property and casualty insurance unit.

The company's share price plunged earlier this month when it startled Wall Street by cutting its quarterly dividend to 25 cents from 67 cents a share and warned of the poor second-quarter results. It said net earnings fell by 49.6 per cent to $76.3m or 52 cents a share in the latest quarter compared with $155.5m or $1.03 a share in the same period last year on sales and revenues which grew by 5.6 per cent to $5.3bn from $5bn.

ITT said that aside from the problems at the Hartford unit which generally reflect the pricing pressures and increased severity and frequency of claims within the U.S. property and casualty business as a whole – earnings were reduced by $13m in the quarter by the West Germany metalworkers' strike.

The company also pointed out that earnings in the 1983 second quarter were swollen by special gains including a $39m capital gain, before $12m of tax, from the group's Sheraton Hotel unit.

The disappointing second-quarter results also depressed first half earnings, which fell to $157.6m

Dart & Kraft sees sluggish profit growth

By Terry Byland in New York

DART & KRAFT, the U.S. processed food and plastic kitchen container manufacturer, achieved only sluggish profit growth in the second quarter. Net earnings edged ahead by less than 2 per cent to $109.5m or $2.13 a share. Sales gained 2.7 per cent to $2.5bn.

The first half year shows an earnings gain of 5.4 per cent to $217.3m or $4.10 a share, with sales at $4.9bn compared with $4.7bn in last year's first half.

Fiscal 1983 brought net earnings of $435.1m or $7.92 a share from the group, with the Kraft processed food operations providing the driving force. The Tupperware business, which depends heavily on part-time, independent salespeople, has lagged behind as the booming U.S. economy renders staff recruitment more difficult.

Gould up as growth slows

By Our Financial Staff

GOULD, the U.S. manufacturer of electronic systems and components, posted a further rise in net profits from continuing operations in the second quarter, although the rate of growth slowed from the previous three months.

Profits on a continuing basis rose 19 per cent from $19.1m or 42 cents a share to $22.6m or 50 cents, compared with n 33 per cent rise in the first quarter. A loss from discontinued operations of $1.9m in the latest quarter made final net $20.9m against $15.8m in the 1983 quarter when a $3.3m loss was included.

Union Bank ahead despite setbacks

BY OUR FINANCIAL STAFF

UNION Bank of Switzerland reports that profits for the first half of 1984 were near the peak levels achieved a year ago.

The bank, one of the Swiss big three, says banking profits improved in the second quarter but the trading side suffered a setback.

Bigger business volumes helped lift banking profits. The trading side, taking in securities, foreign exchange and gold trading, was checked by currency fluctuations and lower stock market turnover.

The balance sheet total rose 6 per cent in the second quarter to SwFr 124.2bn ($50.9bn). Customer deposits and total lending respectively also rose 6 per cent to SwFr 78.2bn and SwFr 53.2bn. Time deposits rose 11 per cent.

Funds placed with other banks rose 6 per cent to SwFr 38.1bn and holdings of securities, bills of exchange and money market paper also rose, because new lending absorbed only part of fresh customer funds. Funds due to banks increased 6 per cent to SwFr 30.4bn because of active interbank business.

● Swiss Volksbank said its earnings in the first six months of 1984 were higher. Income from banking business was satisfactory and commission income continued to be good, despite weaker share markets.

Spanish state holding group's losses up 17%

BY TOM BURNS IN MADRID

LOSSES at the Instituto Nacional de Industria, the Spanish state holding company, last year totalled Pta 161.5bn ($994m), a 17 per cent increase on losses in 1982. But the rate of the increased deficit was lower than it had been in previous years, according to Sr Enrique Moya, chairman.

Sr Moya said losses in 1982 and 1981 rose by 28.7 per cent and 20.7 per cent against the previous year's deficit. INI has been in the red since 1976.

He said there was a clear division between the loss-making areas and the rest of the group. Loss-makers include steel, shipbuilding, mining and capital goods as well as the state airline Iberia and the car manufacturer Seat, which lost a total of Pta 151.9bn. The remaining interests of the group lost Pta 9.6bn.

The 1983 report underlined the crushing burden of financial charges on loans. On the INI group's total income of Pta 1,524bn for 1983, which was 15.5 per cent up on the 1982 takings, the financial costs amounted to 201.4bn, an increase of 20.2 per cent on those of last year.

Imperial Oil earnings jump

BETTER petroleum products markets and a turnround in chemical and higher crude production, brought improved first-half earnings at Imperial Oil, Canada's largest integrated oil group.

The company has increased its 1984 capital spending by C$60m to C$800m, with the bulk going to development. First-half net profit was C$221m, or C$1.38 a share.

Major gain for Loblaw

LOBLAW COMPANIES, the North American food distribution business of the Weston interests, had a major gain in earnings in the first half despite fewer stores in operation, difficult conditions, in western Canada, and lower U.S. food prices.

In the 24 weeks ended June 16, net profit was C$23.8m, or 59 cents a share, against C$19.2m, or 47 cents, on sales of C$2.8m against C$2.7bn.

Amca group in turnround

AMCA INTERNATIONAL, a U.S.-based producer of construction equipment and engineered products for the energy industry, made a turnround in the first half of this year.

Earnings for the company, which is controlled by Canadian Pacific, were $12m, or 28 cents a share, against a loss of $352,000 a year earlier, on revenues of $756m against $591m.

Sears Canada reduces losses

SEARS CANADA, a major department store chain and the country's largest catalogue sales business, reduced its losses to C$868,000 in the six months ended July 4 from C$4.7m a year earlier.

Merrill Lynch loses $33m

BY OUR NEW YORK STAFF

MERRILL LYNCH, the world's biggest securities firm, sustained a $33m net loss in the second quarter because of what it described as "the extremely difficult business environment" during the period.

The loss, reported in some later editions yesterday, represents another serious setback for Merrill, which is in the midst of major changes in senior management and a job and cost-cutting programme.

Merrill has been struggling to reverse a deterioration in profit margins which plunged the company into a $42.1m net loss in the 1983 final quarter and which led to disappointing earnings of $18.8m in the first quarter of 1984.

The latest quarterly loss, equivalent to 36 cents a share, compares with net earnings of $112m, or $1.32 a share, in the corresponding period last year and partly reflects a $200m decline in revenues to $1.4bn. For the first half Merrill reported a $14m, or 16 cents a share, loss, compared with record net profits of $239m, or $2.86 a share, in the same period last year.

Commission revenues fell by 35 per cent to $284m while trading revenues from principal transactions fell by 68 per cent to $59m. Revenues from investment banking, while 37 per cent higher than in the first quarter, were 48 per cent below the 1983 second quarter at $125m. Against this, insurance revenues grew by more than 90 per cent to $49m, and interest revenues, reflecting higher interest rates, increased by 38 per cent to $594m.

Total expenses – other than interest expenses – dropped by 5 per cent to $944m with compensation and benefit expenses falling 14 per cent to $542m. The quarterly dividend is being maintained at 20 cents.

Strong results for Signal

By Our Financial Staff

SIGNAL, the U.S. diversified engineering group, has announced a 41 per cent increase in net profits for the second quarter of this year from $51m to $72m – equivalent to an increase from 45 cents to 63 cents a share. This improvement was achieved despite the fact that sales during the period dropped 9.5 per cent from $1.96bn to $1.53bn.

For the first six months of this year, Signal's results showed an even sharper improvement from the previous year. Operating net profit amounted to $133m ($1.16 a share) against a loss of $31m (a 35 cents a share loss), while sales for the half year were up slightly to $3.01bn from $2.98bn.

The loss registered in the first half of last year was caused by restructuring and merger-related costs, including the Signal group's acquisition of Wheelabrator-Frye on February 1 1983.

SECURITY PACIFIC TO RAISE STAKE IN LONDON BROKER

Hoare Govett plans larger role

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

HOARE GOVETT, one of Britain's leading stockbrokers, is planning to develop market-making facilities in both British Government securities (gilts) and equities after it has established a closer link with Security Pacific Corporation, the U.S. banking group.

Security Pacific announced this week its intention to increase its holding in Hoare Govett to between 80 and 90 per cent. The deal valued Hoare Govett at £78m.

The U.S. group, which acquired an initial 29.9 per cent in the UK stockbroker more than two years ago, cannot raise its stake beyond this level under Stock Exchange rules.

Once these rules are relaxed, however, the bank will run up its stake to the proposed level.

In addition to the cash injected into Hoare, Security Pacific will provide a further £50m should the broker need the additional cash.

Mr Richard West, managing director of Hoare, said yesterday that it would be seeking to become a primary dealer in gilts as a result of the proposed shake-up in the British Government securities market. It would also be seeking to become a market-maker in equities.

In the new scheme executives at Hoare will be offered participation in an option scheme. Existing directors and management will retain voting and management control for at least the next five years.

Among its plans Hoare Govett is considering the possibility of buying a provincial broker and expansion overseas, especially in Australia.

Lex, Page 12

Australia allows 11 more foreign exchange dealers

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA has authorised a further 11 participants to deal in foreign exchange in Australia, leaving only 9 of the 40 non-bank financiers approved last month to receive final clearance.

The remaining authorisations will come as each meets the Reserve Bank's requirements on operational expertise and control, although the latecomers are likely to be thankful that they have avoided trading since the market was expanded from June 25.

The downward spiral of the Australian dollar in that period has been chastening for the new participants and with the rate against the U.S. dollar fluctuating by up to 200 basis points daily, most have retreated, taking only client related business and shunning own-account trading.

Most new participants have also displayed a natural caution in a new market, while the initial establishment of inter-market limits between the existing licensed bank traders and the non-bank entrants has been an added constraint.

Indeed, compared with the generous limits on open positions spelt out by the Reserve Bank, the trading banks have aroused some enmity over the level of exposure they will accept to individual participants and their continued stranglehold on the payments system.

It is generally agreed that the market will settle down to up to 20 participants, equating to the local banks plus about a dozen new entrants almost all of which will be the leading international foreign exchange trading banks.

The new entrants are the Australian International Finance Corp (40 per cent-owned by ANZ, with Bank of Montreal, Irving Trust, and Mitsubishi Bank also having stakes); Commercial Continental (equally owned between Continental Illinois, National Australia, and Sanwa); Euro-Pacific Finance (25 per cent-owned by Westpac and the rest by a consortium of foreign banks); First Chicago Australia (100 per cent U.S.-owned); Grindlays Securities (soon to be owned by Australia's ANZ Bank); Indosuez Australia (equally owned by Indosuez of France and Howard Smith of Australia); Martin Corp (Canadian Imperial Bank of Commerce); Michelle NBD (50 per cent-owned by National Bank of Detroit and the rest locally owned); Partnership Pacific (60 per cent Westpac plus Bank of Tokyo); Standard Chartered Australia (100 per cent UK owned); and Tricontinental Corp (a consortium of local state government banks plus Security Pacific, Credit Lyonnais, and Mitsui).

The nine to come are the local offshoots of National Westminster, Hambros, ABN of Holland, Royal Bank of Canada, Swiss Bank Corporation, Rothschild, Security Pacific, and Marac of New Zealand, plus Trana City Holdings.

Glico warns of no profit this year

TOKYO — Ezaki Glico, the Japanese confectioner that has been the subject of a severe campaign of harassment, has reported group net earnings for the year ended March 31 down 0.6 per cent to Y6.7bn ($27.1m) from Y6.74bn a year earlier.

For the current year, the confectioner does not expect any profits at all, due to a decline in sales. The company was severely hurt by threats earlier this year from an unidentified group of gangsters that its products had been poisoned. Glico has forecast that its sales will decline by 19.0 per cent to Y165bn.

In the last year the company's sales increased 0.6 per cent to Y204bn from Y202bn. Pre-tax profits declined 9.7 per cent to Y14.66bn from Y16.23bn a year earier. Earnings per share eased to Y56.33 from Y56.70.

As previously reported, Glico's parent company net earnings fell by 2.4 per cent from a year earlier to Y6.04bn or Y50.73 per share.
AP-DJ

Barclays National Bank down midway

BY JIM JONES IN JOHANNESBURG

BARCLAYS NATIONAL BANK, the 56 per cent owned South African subsidiary of Barclays Bank of the UK was hurt by a narrowing of margins in the first half of this year. Pre-tax income fell to R47.9m ($31m) in the six months to June 30 compared with R79.1m in the same period last year. For 1983 as a whole, pre-tax profit was R200.2m.

Mr Chris Ball, the bank's managing director, says conditions in the banking sector have changed dramatically in the last year. Operations have been characterised by highly competitive bidding for scarce funds by the banks while lending rates have not increased freely due in part to legal restraints. These factors have combined to squeeze banking margins and are expected to persist.

Total assets employed by the group increased to R16.96bn at the end of June from R15.54bn at the end of December. Total deposits rose to R13.2bn from R10.95bn while total advances rose to R12.43bn from R10.39bn.

Included in the end-June advances figure is R135m paid to Southern Life Association ahead of completion of the merger between Southern Life and Anglo American Life which will result in the formation of South Africa's third largest life assurance company. Barclays has bought 30 per cent of the merged assurance company for R135m and the merger is expected to be completed in the current six months.

An unchanged interim dividend of 35 cents has been declared from first half earnings down to 63 cents a share from 86 cents. For 1983 earnings were 236 cents a share from which a dividend total of 95 cents was paid.

Barclays is one of only two South African banks which does not take advantage of laws allowing secret transfers to and from hidden reserves. As a result, Barclays point out, this year's first-half profit performance is an accurate reflection of the bank's actual business experience.

Weakness of rand against dollar hits AECI margins

BY OUR JOHANNESBURG CORRESPONDENT

AECI, South Africa's largest diversified chemicals group, increased turnover by 26.9 per cent in the first half of 1984 but suffered from severe pressure on margins. While turnover increased to R947.7m ($614m) in the six month from R747.1m, trading income increased by only 8.7 per cent to R104.2m from R95.9m.

Mr Denys Marvin the managing director lays part of the blame for this narrowing of margins on the rand's weakness against the dollar which led to a significant increase in the rand cost of imported raw materials. For all of 1983 turnover was R1.62bn and trading income R232.2m.

Since the group's acquisition of complete ownership of the Coalplex poly vinyl chloride plant and the termination of its fertiliser manufacturing agreements with Triomf earlier this year, AECI has concentrated on improving productivity at its plant rather than on building new capacity.

A further weakening of the rand and consequent increases in domestic interest rates are expected to affect adversely the group's immediate profit prospects. In addition fertiliser and agricultural chemical sales will depend on good rains in the summer rainfall areas of South Africa.

The interim dividend is unchanged at 24 cents a share though first half earnings per share increased to 33.4 cents from 30.6 cents. For all of 1983 earnings were 82.7 cents a share and a dividend total of 55 cents was paid.

AECI is 26.2 per cent owned by ICI of the UK and 51.8 per cent by Anglo American Industrial Corporation.

General insurance business growing rapidly in India

BY R. C. MURTHY IN BOMBAY

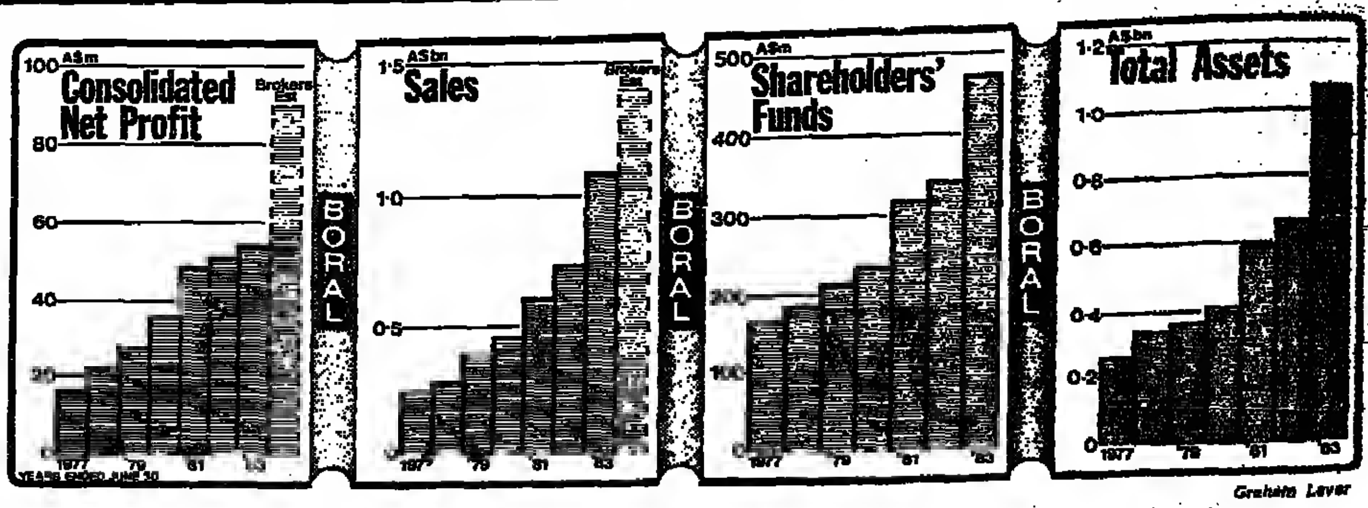
INDIA'S general insurance industry is expanding rapidly. It is now covering the risks of sophisticated space satellites and offshore drilling platforms as well as its traditional business of insuring cattle and crops in the countryside.

The Indian general insurance business was nationalised in 1973 and reorganised into four regional companies, under General Insurance Corporation of India (GICI), a holding company. The four subsidiaries compete for business all over the country, though within tariffs set by GICI.

Gross premiums written directly by the five insurance companies rose by 17.55 per cent to Rs 8.95bn (US$791m) last year. A survey by the Swiss Reinsurance Corporation says India's inflation-adjusted growth rate in non-life premiums in 1962 was the highest in the world.

Business handled within the country has risen steadily from a little over 50 per cent a decade ago to 86 per cent last year. Reinsurance business placed abroad is also growing.

INTL. COMPANIES & FINANCE



Graham Lever

Boral follows wide expansion plan

BY LACHLAN DRUMMOND IN SYDNEY

ACQUISITIONS, both at home and overseas, together with a strategic stake in the Queensland gas market are the main targets of Boral, the Australian group firmly rooted in the building and construction materials sector.

Cash rich from the sale of assets, Boral last week made a A$55m (US$45m) bid for the 61 per cent of Oil Company of Australia (OCA) that it did not own. In addition the company is said to have some A$300m available for further takeover moves—possibly including some in the U.S. or the UK.

Boral's expansion plans follow a decade of growth through both acquisitions and internal developments. These have seen net profits rise to an estimated A$90m for the year to June 30 —about the level of the group's sales in 1972-73.

The main branching out has been its push into household gas distribution in Queensland. It is the company's wish to tie up supplies for this side of its business which is the rationale behind its bid for OCA. The gas and oil exploration and development company could become the main supplier of natural gas in the state.

For the moment, it appears Boral will not have the free run to control that it enjoyed with its previous and biggest public offer in Australia, the A$222m cash and shares bid for BMI, the quarrying and ready mixed concrete group. Boral snapped up BMI in double quick time late in 1982, witness to an adroitness in takeovers built up through experience and to keenness by investors to swap into Boral shares.

The offer for OCA values the company at A$92m, compared with a pre-bid market capitalisation of A$65m. Boral has moved from its some 39 per cent original stake to almost 60 per cent since the bid was made. Rival market buying could, however, frustrate its winning total control, and it may prove necessary to raise the offer from the present 90 cents a share level.

Various brokers' reports have valued OCA at between A$1 and A$ 1.10 a share, and one of the main spoilers to Boral's hopes has been BT Australia, the merchant bank, which has added to the 5 per cent stake already held for various managed funds in the past week, on the view that OCA is worth more than 90 cents.

Much of OCA's worth rests with successfully negotiating gas supply contracts in the central Queensland industrial town of Gladstone, particularly with the alumina refinery there which is projected to require 13bn cubic feet of gas a year, worth A$ 40m.

Commodities

OCA holds 40 per cent—with CSR, the diversified commodities and industrial group as major partner—of gas fields in the Denison Trough, inland from Gladstone, which have reserves of at least 170bn cubic feet and are expected to cost A$ 100-120m to develop and connect to Gladstone.

As well, OCA has small interests in soon-to-be productive oil finds on the Queensland edge of the Coper Basin, and some A$ 25m of past exploration tax losses, which work out at about A$ 11m—or some 110 cents per OCA share—to be added to Boral's bottom line should it win full control.

However, while providing a degree of backward integration and a tax effective way of using Boral's future cash flow, OCA is a small piece in the Boral jigsaw.

Even after the latest move, it will have the capacity to pull off an A$ 300m or more, takeover with comfort, and history suggests the coming 12 months will see Sir Eric Neal, the chiefs executive, and his team embark on a major takeover.

Such a move will not necessarily take place in Australia, where on the east coast it has already secured for itself a 35-40 per cent share of the quarry industry, 50 per cent or more of the road surfacing market (its name is an acronym for Bitumen and Oil Refineries Australia Ltd), a 30-35 per cent share in ready mixed concrete, 50 per cent in plasterboard and 30-35 per cent of the clay brick market.

It also has smaller shares in concrete products, timber, reinforcing steel, wire and tube products and insulation materials. Expansion through acquisition in these smaller areas and integration into cement manufacture remain as the investment community's tips for future moves.

Although these sectors are mature, Boral has in past takeovers shown an ability to get the benefits of integration and expansion to flow rapidly through to its bottom line, through a mix of asset sales and tight financial control.

The scope for expansion overseas, particularly the U.S., is considerably greater, given its much smaller base in relation to the market.

In the past six years of involvement in the U.S., Boral has built its brick and roof tile business there to account for around 10 per cent of its total A$1.1bn of assets and in the year to June 30 just passed has begun to reap the profit benefits. Pre-tax earnings there are estimated at US$10m, from sales of US$100m.

Its U.S. operations began with the 1978 acquisition of a concrete roofing tile plant in California, which was expanded to two plants in California and one in Texas. Setting up of a further plant is in hand, which will boost capacity in California by 50 per cent.

In 1981, meanwhile, it bought into the now wholly-owned Merry Companies, operating brick plants in Baltimore, Georgia and South Carolina. Boral has more recently bought a 41 per cent stake in an Oklahoma brick company which gives it access to the Dallas-Fort Worth market.

Aggregate

Its operations in the UK, which turn over the equivalent of some A$50m, came with the acquisition of BMI. These, after some sales of quarry interests, cover the Clay Cross foundry group, the expanding Lytag lightweight aggregate concern and Pozzolanic. The latter company gives Boral fly ash interests in the UK, Australia and the U.S. Boral also has in the UK, Communications and Control Engineering Company, which makes specialist electric and electronic equipment for use in hazardous operations areas, such as coal mines and oil rigs.

The achievement of significant profits in the U.S., a reduction of debt, a return of growth to some of its Australian businesses and the benefits of efficiency boosting spending at most operations over recent years is expected to see Boral report its 14th straight annual net profit increase next month, to A$90m, from A$55m in 1982-83, and a pre-tax profit rise to A$156m, from A$83.5m.

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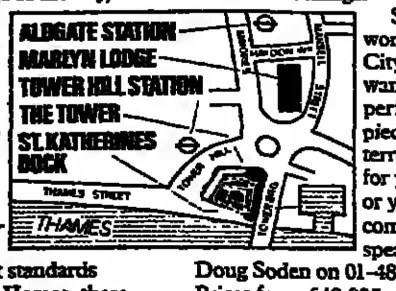

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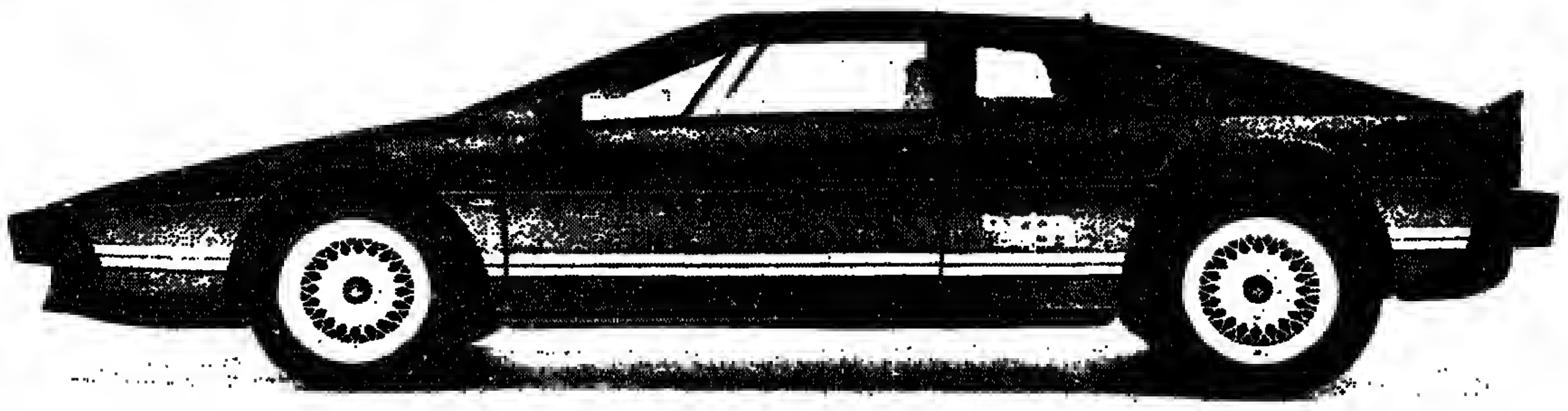

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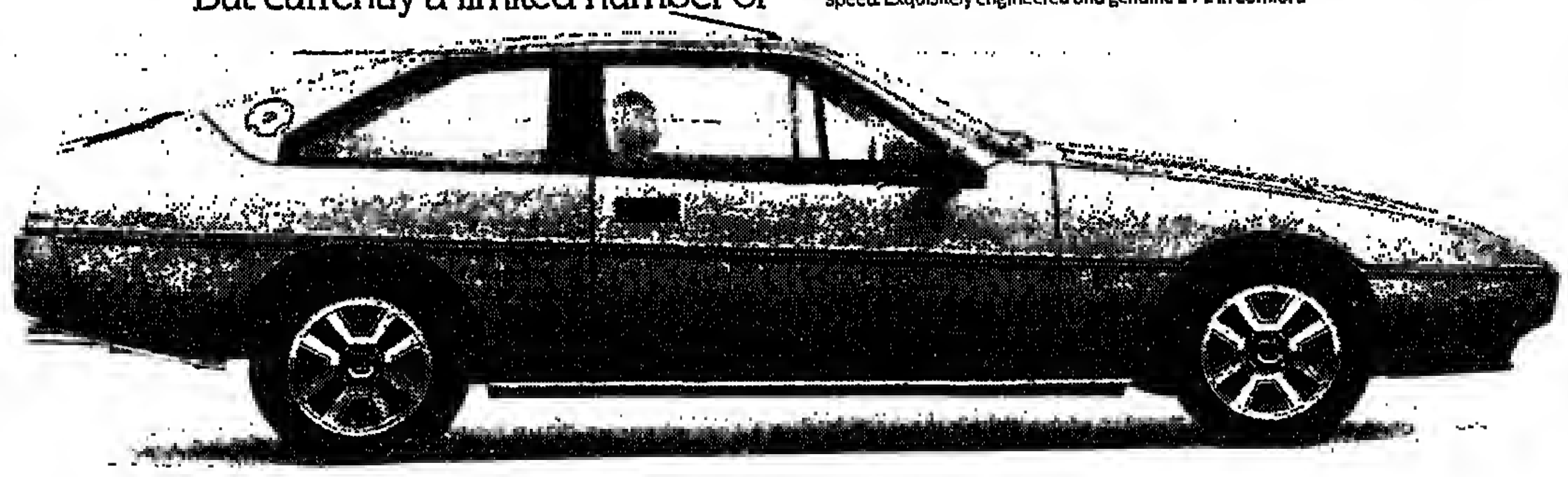

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J. Brown recovery plan is on course as loss recedes

THE RECOVERY programme implemented by international engineer John Brown is "proceeding satisfactorily" and the large restructuring provision announced last January is considered to be adequate.

Along with the preliminary results for the year ending March 1984, which show a "modest improvement" on the forecast made at the interim stage, Sir John Cuckney, the chairman, tells shareholders that the group is on course with its corporate plan which envisages a return to profitability in 1985/86.

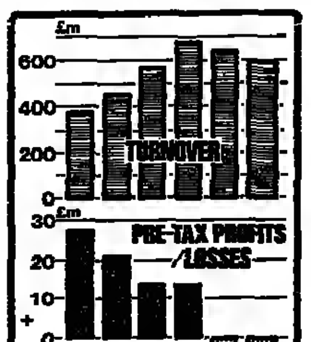
He adds that the group is also continuing to receive the constructive support of its bankers which has been essential in facilitating progress both on the restructuring programme and ongoing trading operations. Borrowings have been cut by £40m from last January's peak level.

Group managing director Mr Allan Gormly said that "twelve months on from the difficulties of last summer we feel very firmly we are recovering. Our recovery programme is on course and, in fact, we are slightly ahead. The group is going to recover."

Group pre-tax losses for the past year were cut by £3m to £3.61m, slightly better than the £6m forecast last January along with the interim results showing losses at £9.2m, compared with £10.1m.

Turnover for the full year totalled £597.48m, against £643.88m, but at the trading level profits showed an improvement from £9.29m to £10.52m.

A division breakdown of these figures respectively shows: engineering and construction



£213.89m (£271.18m) and £5.22m (£4.31m), plastics machinery £80.36m (£75.2m) and £572,000 loss (£4.21m loss), power engineering £137.77m (£112.05m) and £6.04m (£4.44m), textile machinery £26.37m (£29.45m) and £417,000 (£924,000), transportation equipment £23.75m (£20.27m) and £681,000 (£811,000 loss) and special engineering £69.75m (£79.02m) and £1.11m (£3.02m). Discontinued businesses accounted for £45.59m (£56.71m) and £2.37m loss (£3.38m loss).

Trading profits were subject to corporate charges of £3.07m (£1.49m) and net interest of £14.09m (16.28m). Other income added £1.03m (took £126,000).

Loss per 25p share emerged at 5.4p (7.8p) and the dividend for the year is again being passed.

Tax was little changed at £1.41m (£1.34m) but below the line the group provided for extraordinary charges of £36.75m (£16.73m) which represented the costs of implementing the corporate plan.

John Brown is now roughly half way through its disposals programme. There is the "fairly major" disposal of the Olofson machine tool business in the U.S. and a number of other smaller disposals. The group is also still looking for a partner, or purchaser, for its gas turbine business. Olofson turned in a profit of £1m (£7m) for the year.

Disposals since the year-end include withdrawal from the UK marine tool operations and from the major part of the group's engineers' cutting tool operations.

These disposals have been treated as "adjusting post-balance sheet events" and their effects is, therefore, shown in the balance sheet at March 31, 1984.

The trading results of these businesses have, however, been included in the consolidated profit and loss account for the full year, except in the case of the UK machine tools and engineers' cutting tools operations. The results here have been included only for the first nine months to end-December, 1983 when the decision to withdraw from these businesses was made.

Sir John Cuckney, the chairman of John Brown . . . the group's corporate plan envisages a return to profitability in 1985/86

After taking account of the effect of these disposals, including the cash proceeds receivable, group net borrowings amounted to £100m at year end, a reduction of some £40m from the highest level reached in January 1984.

Sir John says it is too early to make any comment on current year trading other than to say that in the U.S. activity levels are generally better than the corresponding period last year.

He adds that in the UK and the rest of the world the recovery is somewhat more patchy and large international project business remains intensely competitive.

The group's balance sheet at year-end shows net current assets down from £112.88m to £86.51m and shareholders' net assets at £37.39m, compared with £83.64m.

See Lex

Falcon Resources £4m rights and listing

By Alison Hogan

Falcon Resources, an oil company with acreage in the United States, is raising £4m through a one-for-two rights issue at 85p per share and intends to apply to have the enlarged issue share capital listed on the London Stock Exchange.

Dealings in the shares of Falcon Resources on the Over the Counter Market were suspended on Monday at 103p by Hill Woolgar.

Dealings in the 15.48m shares, including the new ones, are expected to resume on Monday, July 30. The closing date for acceptances of the rights issue is August 17 1984.

Falcon was formed by its chief executive Mr Ronnie Monk to take advantage of the opportunities available in the U.S. during the 1981-82 recession when the costs of acquiring acreage and drilling oil and gas wells plummeted.

Mr Monk says the company's business policy is to develop a broad range of prospects, working with major oil companies or independent operators concentrating in mature areas of the U.S. oil and gas industry. These include Texas, Louisiana and Colorado.

"We have turned US$2m of investment in drilling into US$43m (£32.8m) of reserves," said Mr Monk. The company has 19 prospects of which some be describes as the "bread and butter," low-risk prospects, while three or four are "wilder" where the company limits its stake to around 5 to 6 per cent.

Hill Samuel, merchant bank to the issue, estimates net assets per share of around 85p, equal to the issue price. At the ex-rights price of 97p the bank estimates a market capitalisation for the company of around £15m.

The rights issue funds will be used to develop proven reserves, expected to come on stream towards the end of the year so that the main increase in profits will not come through until 1985, when Mr Monk says "we aim to pay a fairly good dividend." W. Greenwell are brokers to the issue.

Reed Intl. defends decision to sell Mirror to Maxwell

BY SUE CAMERON

SIR ALEX JARRATT yesterday defended Reed International's decision to sell Mirror Group Newspapers to Mr Robert Maxwell and expressed sympathy for Mr Clive Thornton, who quit his post as MGN chairman.

The sale raised "almost twice" as much as a flotation would have brought, Sir Alex, chairman of Reed, said at yesterday's annual meeting.

Sir Alex said that the decision to sell MGN to Mr Maxwell's Pergamon Press for £113.4m—£90m net after repayment of inter-company debt—had been the only one "we could sensibly have taken."

However, it became clear during the meeting that Sir Alex himself had been unenthusiastic about selling MGN to Mr Maxwell. At one point Sir Alex claimed that it had been "virtually impossible" to negotiate "in an honest fashion" with Pergamon because of the pressure that had been put on Reed over timing.

Indeed, Sir Alex said: "We did not know we had a deal until we actually signed it. I suspect that if we had stopped for consultations Mr Maxwell would have called the deal off."

Sir Alex also expressed sympathy for Mr Clive Thornton. He said that if he had found Mr Maxwell sitting in his chair the morning after a takeover deal had been signed, he too would have felt not wanted.

In an interview published in the latest edition of Marxism Today, Mr Thornton claims that he had warned Reed that MGN would be "subject to a predatory attack."

Mr Thornton, who gave the interview only hours before the deal with Pergamon was signed, claimed Mr Maxwell's bid was triggered by the fact that Reed had planned to bring in safeguards against any single person being allowed to run the Mirror Group. He also attacks un-named individuals for failing to fight the Maxwell bid.

"The disturbing thing is that I have insisted for months that we would be subject to a predatory attack," Mr Thornton says. "So we needed rather more than a wide spread of shareholding and it became known that the mechanism to secure the protection was being brought into place. And I think that accounts for the bid being made before the flotation."

"Anyone was going to be allowed to hold shares but not absolute control: clearly that was not enough to a bidder . . . Now lots of people don't seem to mind. The sort of people who seemed to be raising voices at the time Reed decided to dispose of the company in the first place are curiously silent.

"I haven't been aware of much in political circles, for example. I also happen to think the bid that's been put in would give the bidder this company on the cheap".

Mr Thornton goes on to talk about MGN's cost base. He says the easiest way to improve profitability would be to shut the Withy Grove works in Manchester.

"The simplest thing in terms of moving swiftly towards profitability would be to allow Manchester to close because it costs this company some £19.5m. But I preferred to see whether a rearrangement of our affairs, giving Manchester a new future, wouldn't produce in Manchester what we've done in Scotland—which is an outstanding success."

See Men and Matters Page 14

Munford & White optimistic

PRE-TAX PROFITS for the year to March 31 1984 were considerably lower at Munford & White, despite an increase in turnover. This electronic intruder alarm equipment manufacturer finished with £201,000, against £451,000 last time, on turnover up 43 per cent to £3.02m.

As anticipated, the results reflect the costs of investment in introducing new products and manufacturing facilities, as well as more staff, developments expected to contribute to increased future profitability.

The directors have proposed a final dividend of 1p, making a total for the year of 2p (1p). Earnings per 10p share were shown as falling from 6.7p to 3.8p.

First-quarter sales are 20 per cent up on the same period last year, say the directors, though margins remain under pressure. They expect demand to continue at a satisfactory level.

A domestic control panel introduced in June and a microprocessor-based control panel are expected to sell well in overseas markets as well as in the UK. Rationalisation of products and facilities should improve margins, the directors say.

More than 50 per cent of the company's output is produced at Clevedon, and this proportion is set to increase, reducing overheads and improving net margins towards the end of the year.

Cost of sales and expenses was £2.82m (£1.66m). There was a tax credit of £16,000, compared with a debit last time of £181,000. Dividends account for £64,000 (£32,000). Profit retained emerged at £153,000 (£238,000).

Shares are traded on the USM.

USM placing follows Blue Arrow's rationalisation

Mr Anthony Berry, chairman and chief executive of Blue Arrow, has completed the rationalisation of the group, which he started at the beginning of 1982, and he is now bringing the company to the Unlisted Securities Market.

Mr Berry, a former director of Brengreen, the contract cleaning company, has disposed of some of the group's peripheral businesses leaving a core staff recruitment business and a small but growing travel division which includes villa holidays, and winter golf and tennis holidays in Spain and Portugal.

Lloyds Bank International has placed 750,000 shares, around 18.4 per cent of the equity, at 75p per share giving a market capitalisation of £3.1m.

The company will receive £180,000 net through the issue of new shares, which will be used to reduce borrowings. The president of the company, Sheila Wilson-Challis, who founded the company in the 1950s but who has now retired from the board, will raise £225,000, and is the sole vendor shareholder.

The staff recruitment business, based in the south-east, is gradually expanding to major towns in the south of England and has reached as far north as Leicester. It will have 35 offices open by October.

The recruitment business has an executive division but concentrates particularly on catering and industrial labour; 60 per cent of appointments are temporary. Blue Arrow expects to benefit from any reduction in the number of Government job centres.

Turnover in the personnel services is forecast to rose from £4.94m to £3.49m in the year to October. Turnover in the travel division will also show a big rise from £4.75m to £3.96m. The pre-tax profits, forecast to be £365,000 up from £211,000, will arise mainly from the personnel division.

Law Land buys in shares

Law Land has purchased a total of 372,797 of its own shares in the past two days through its brokers, L. Messel, at 125½p each. The target is to buy in 1m shares by the end of this week, reducing the outstanding minority held outside the Law Land's parent, Churchbury Estates, by nearly a quarter.

The move follows an extraordinary general meeting called for July 17, where shareholders, including Churchbury's overwhelming holding, voted in favour of the company activating a resolution passed at a meeting on August 4, 1982 to buy in its own shares.

The resolution, which was passed last week, enables the company to buy up to a maximum of 1m shares at a maximum price equal to 105 per cent of the average price over the three previous business days. The maximum is set at 136p each.

Aer Lingus swings back into profit

Aer Lingus, the Irish state airline, has returned to profit for the first time in four years and has set itself a target of annual profits of some I£30m over the next four to five years.

Mr David Kennedy, the airline's chief executive, said it was necessary to attain this target if the group was to begin replacing its fleet around that period.

Despite static or falling passenger numbers the airline swung from pre-tax losses of I£1.7m to profits of I£8.5m over the year to March 31 1984.

The main reasons for the improvement were better cost control, an increase in cargo traffic on the North Atlantic (mostly exports from U.S. companies established in Ireland) and the strong dollar.

With growing pressure from other airlines, Mr Kennedy said he welcomed the EEC proposal that a competitor would be entitled to only 25 per cent of a particular route into his company's territory.

Whitbread lager sales rise to 43% of total trade

Trade at Whitbread also had continued to benefit from good summer weather, with upward trend in lager, wine and the take home trade, Mr Charles Tidbury, retiring chairman, told members at the annual meeting.

Sales of Heineken and Stella Artois largers were well above 1983 figures, even though this time last year the weather was unusually hot. Lager now represented 43 per cent of trade compared with 38 per cent at the same time last year.

The most satisfying aspect of trade performance, said Mr Tidbury, was the way supply lines were maintained through a strike at the Luton brewery, and its subsequent closure.

However he reminded the meeting that although current sales levels led to optimism about future prospects these had to be weighed against the effects of increasing interest and mortgage rates which must affect consumer expenditure.

Mr Tidbury will retire on August 1 and will be succeeded by Mr Sam Whitbread.

● At the annual meeting of Evered Holdings Mr R. M. Abdullah, chairman, said the Hawkins and Tipson reorganisation and profitability was going to plan and he believed the business should achieve growth over the next few years.

He said that a worthwhile contribution to profits was expected in 1984 and future years.

The acquisition of Brockhouse together with a rights issue last May had greatly enlarged the group capital base as well as earnings potential. The UK side of business — the group is engaged in engineering — was undergoing a rapid appraisal and reorganisation plans were being implemented.

Reduction of debt was considered to be of paramount importance. Following the introduction of new capital from Evered, UK bank balances have been reduced to less than £8m and the directors intend that the reduction of this debt in 1984 and the elimination by 1985 will be a priority.

Profitability of UK operations was of other priority, Mr Abdullah said, and was aimed to be achieved during 1984.

Confident outlook at AAH despite miners' strike

AAH Holdings, which derives half of its trading profit from solid fuel distribution, yesterday issued a warning about competitive coal prices to the National Coal Board.

The company said that if the NCB is unable to produce coal at a competitive price then "imports will take an increasingly larger share of the market as they are doing at the moment."

The warning was contained in AAH's preliminary statement which showed that the company achieved a £1.27m increase to a record £10.47m in taxable profits in the year to end-March 1984.

Trading profits, prior to net interest charges of £2.02m (£2.38m) amounted to £12.49m, against £11.59m, of which some £8.22m (£5.78m) was accounted for by the company's solid fuel distribution operation.

The 1982-83 figures have been restated to exclude exchange gains on translating the opening net equity of overseas companies at the rates ruling at the end of the period.

All of AAH's other activities, with the exception of pharmaceutical supplies, made progress during the 12-month period. The company distributes builders supplies and oil and is also engaged in road haulage, environmental services and engineering.

Although AAH will retain and seek to increase its markets share by supplying imported fuels where necessary, the directors point out that the company basically remains convinced of the "excellence of British coal and of its future in distributing it."

Commenting on the miners' strike, the directors said that solid fuel distribution was not a short-term activity for AAH and remained completely confident of the company's future in this activity.

They pointed out, however, that while the company was obtaining sufficient supplies to cover immediate orders it was not enough to enable the usual practice of putting down substantial stocks to meet winter demand.

They stressed that a poor result from this activity in the current year would not by itself cause the company to divert from its progressive dividend policy if the other operations continued their satisfactory performance.

Earnings per 25p share rose from 13.29p to 14.41p and cover the increased dividend more than twice.

Group turnover for the year amounted to £501.61m (£465.96m). Profits were subject to tax of £3.19m (£2.87m) and minorities amounted to £2.84m (£2.22m).

The proposals in the recent Finance Bill have resulted in a transfer of £2.24m from reserves to deferred tax.

DIVISIONAL PERFORMANCE BREAKDOWN

	1983/84 Turnover (£000)	1983/84 Trading profit (£000)	1982/83 Turnover (£000)	1982/83 Trading profit (£000)
Solid fuel	262,991	8,222	253,549	5,780
Oil	74,018	873	66,542	811
Builders' supplies	54,342	2,416	50,631	2,234
Pharmaceutical	76,620	1,249	60,316	1,479
Road haulage	13,941	752	12,301	673
Environmental services	5,111	945	4,456	706
Engineering and other	17,580	10	18,164	98*

* Loss.

For the year under review, shareholders are set to receive a higher final dividend of 3.751p (3.41p) which, together with the increased interim payments, lifts the year's total payout to 6.177p (5.615p).

● **comment**

The miners' strike obviously puts AAH smack in the firing line. But at 102p (unchanged), the shares now yield an historic 9 per cent—maintaining what the company stoically recognises as its yield stock tradition. The clear message for the current year is that the dividend is not in danger; the strike is seen as a one-off, and the intention is to maintain the pay-out even if—should the worst come to the worst—it is uncovered by earnings. Indeed, it may not come to that. Demand has been slack in the summer months, and to date AAH has been able fully to supply its customers' requirements. The crunch will come in the autumn restocking period, but to an extent the group will be able—if reluctantly—to move further into the sensitive area of supplying through imports. It is impossible to be sure what length of strike is being discounted in the AAH share price, but if normal working were resumed even as late as September the shares could well be undervalued.

COMPANY NEWS IN BRIEF

Second-quarter, pre-tax income of Camco Inc, a U.S. oilfield services and equipment company, fell from $5.25m to $4.6m (£3.5m), but there was an increase from $39.38m to $39.84m in net sales. Camco is 63.7 per cent owned by Pearson.

The dividend is raised from 6 to 8 cents.

The pre-tax income was after selling, general and administration expenses of $10.89m ($7.94m), loss on translation of $350,000 ($199,000), and interest charges of $266,000 against $690,000. Tax for the period was $1.89m compared with $2.46m. Earnings per share were one cent lower at 37 cents.

* * *

USM newcomer Brint Investments suffered a taxable loss of £2.04m, against a profit of £89,000, in the six months to the end of February 1984.

The company says that most of the loss resulted from a near £2m provision for the reduction in the value of certain quoted investments, particularly Burnett and Hallamshire Holdings, to the market values ruling on February 29.

There was a £16,000 loss (profit £580,000) on the sale of investments and interest and dividends receivable fell to £88,000 (£150,000). Tax credits added £30,000 (took £78,000), after which the loss per share is shown as 51.9p (earnings 0.3p).

* * *

Despite the 47 per cent increase in cider excise duty in the March Budget, sales of Merrydown Wine for the June quarter showed a satisfactory advance over those of 1983. Yesterday's report inadvertently linked export figures with home sales and stated that sales for the June quarter topped £100,000. This figure was the group's export sales for June 1984.

* * *

An increase in pre-tax profits from £350,000 to £413,000 has been shown by Kenynn Securities for the year to the end of March 1984. Turnover of this USM company which provides funeral and allied services came to £3.99m against £3.81m.

The net final dividend has been recommended at 6.25p bringing the total for the company's first year on the USM to 9.38p. Earnings per 25p share are shown as 16.8p (16p) fully diluted, and before extraordinary profits of £45,000 this time.

* * *

The interest rate for this week's issue of local authority bonds is 11¼ per cent, up a quarter of a percentage point from last week and compares with 10⅞ per cent a year ago. The bonds are issued at par and are redeemable on July 31, 1985. A full list of issues will be published in tomorrow's edition.

* * *

The year to June 30 1984 ended with net asset value per 25p share rising 14 per cent to a record 110.9p at F and C Eurotrust, specialist European investment trust in the Foreign and Colonial Management Group.

The directors are recommending a single dividend of 1.6p (1.55p).

After taxation of £74,684 (£100,727) revenue available for shareholders was £127,416 (£127,834). Dividends account for £120,00 (£116,250), and earnings per share remained at 1.7p.

* * *

Net assets per share fell at **Temple Bar Investment Trust** from 116.7p to 115.66p over the six months to the end of June 1984. At the end of 1983 interim period the figure was 107.55p.

After tax of £562,000 (£577,000) attributable profits emerged up from £1.04m to £1.21m. Earnings per 25p share were shown as 2.079p (1.787p). The net interim dividend has been lifted from 1.5p to 1.65p. In the last full year a total of 4.2p was paid.

Management's policy of moving some assets from relatively fashionable lower-yielding investments into stable and higher-yielding holdings has continued. The pace of this change has been slowed by the volatility of markets. The directors remain cautious about the short term outlook.

The company is a member of the Electra House Group.

* * *

Attributable profit at **Barlow Holdings** for the six months to June 30 1984 dropped to £2.38m, against £9.04m last time. However, the figure for last year included an extraordinary profit of £6.79m from the sale of Barlow Plantations.

The pre-tax figure was £3.53m (£3.68m). Tax took £1.07m (£1.36m), and there was a minority interest of £83,000 £(73,000).

Earnings per 10p ordinary share were 5.06p (4.78p before extraordinary profit) but including 2.46p (2.66p) from the surplus on disposals of investments.

The interim dividend is unchanged at 1p.

The investment of liquid funds has continued. The directors say the results should not be taken as a guide to the full year's results.

UK COMPANY NEWS

Singlo moves up to £2m and current year shows progress

ON TURNOVER ahead from £56.42m to £63.31m pre-tax profits at Singlo Group moved up from £1.51m for 53 weeks to April 2 1983 to £1.96m for the year to the end of March 1984. Mr Michael Slocock, chairman, says that all the group's companies have made a "very encouraging" start to the new trading year.

The net final dividend has effectively been lifted from 0.59p to 0.75p, which raises the total from the equivalent of 1.32p to 1.55p. Basic earnings per 10p share are shown as rising from an adjusted 4.13p to 4.51p—fully diluted they are given as 4.55p (3.81p adjusted).

A breakdown of turnover and trading profits shows: discount retailing £50.82m (£51.68m) and £1.75m (£1.57m); tea £1.1m (£0.79m) and £503,000 (£257,000); other UK activities £4.38m (£3.95m) and £171,000 (£104,000).

The principal subsidiary, Norman's, performed more strongly in the second half, says Mr Slocock and retail sales rose 18 per cent, adjusted for 52 weeks. Approximately a quarter of this increase arose from new branches in Swansea and Torquay.

Sales growth from many recently opened branches was strong. Norman's trading profits rose 14 per cent although the net retail margin fell from 2.9 per cent to 2.7 per cent for the first half but for the full year the net margin fell only slightly to 2.9 per cent compared with 3 per cent.

Norman's is benefiting from expansion into fresh foods and wine sales are growing rapidly. Sales of household lines are very encouraging. These trends are gathering momentum in the current year, Mr Slocock says.

Norman's has acquired a new branch with a selling space of some 38,000 sq ft in Christchurch, and a new freehold branch with a net selling space of 22,300 sq ft has been acquired in Weymouth. An agreement has been signed with the Borough of Poole to build a new branch at Creekmoore, with 25,000 sq ft of selling space, on the eastern approach to the Poole and Bournemouth conurbation.

This investment is forecast to cost £1.4m and should open for business in autumn, 1985. Negotiations continue on other sites.

Norman's had capital expenditure in 1983-84 totalling £2.32m and the company anticipates a programme in the current year of about £2.5m. This should be funded from cash flow and bank facilities.

At the end of March Norman's freehold property portfolio was revalued at £4.92m, a surplus of £1.45m.

oetaoin shrdlu cmfwy vbg vkj

The group's other businesses performed strongly. Bandanga, which owns a tea estate in Malawi, benefitted from the further rapid rise in world tea auction prices.

The three drinks outlets produced better results. Purbeck Ceramics and Barnum's (Carnival Novelties) both enjoyed successful years.

Extraordinary costs of £306,000 are provision for deferred tax which has been mada in order to reflect the likely impact of the Finance Bill.

The directors have decided that it would be appropriate to change Singlo's name to Normans Group.

Pre-tax profits were struck after head office and interest costs of £468,000 (£414,000). Tax amounted to £1.47m (£1.19m) including £223,000 (£165,000) UK tax. After preference dividends, and extraordinary costs of £306,000 (£91,000), the attributable balance emerged up from £1.09m to £1.16m.

Dividends will absorb £487,000 (£397,000) leaving retained profits down from £696,000 to £676,000.

● comment

Singlo, with 13 West Country discount stores and two more on the way, was under pressure early last year from old rivals and newcomers such as Asda in Taunton. But the company hit back strongly in the second half when the stores' trading profits increased 20 per cent, against 6 per cent in the first half. This was partly because the first half bore a greater share of the new opening costs but also because of the expansion of fresh food and off-licence sales, developments which show no sign of slowing down in the current year. Nevertheless, Singlo is anxious about its trading margins which slipped from 3 per cent to 2.9 per cent last year—it has brought in designers to improve stores without compromising its low-price reputation. The main obstacle to future expansion is the difficulty in winning planning permission in this part of the country for sites which are getting bigger all the time. The proposed change of name from Singlo to Normans marks the declining importance of the Malawi tea business, whose profits jumped despite a poor crop because of the boom in world auction prices. The group should make more than £2.2m this year, which puts tha shares, up ½p to 50½p, on a prospective p/e multiple of nnder 10, assuming a 25 per cent tax chargo.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bank Leumi (U.K.), Consolidated Co. Gulfcontain Mine, Edinburgh American Assets Trust, Thomas Jourdan, M & G Dual Trust.

Finals:—Bespak, Geo Corporation, Havelock Europa, London Investment Trust, Norton Opax, Phoenix Timber.

FUTURE DATES

Interims—

Adams and Gibbon	Aug 14
EIS	Sept 3
European Assets Trust	†July 30
Jersey Electricity	Sept 3
Johnston's Press	Aug 3
Laurhe	Aug 2
River Plate and Gen. Inv. Tst.	July 26
Finals—	
Cray Electronics	July 30
Manson Brothers	July 31
Steed Telephones and Cables	Aug 6
Stewart Zigomala	July 30

†Amended

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AAH Holdings	3.75	Oct. 15	3.41	6.18	5.62
Barlow Holdings ......int	1	Nov. 14	1	—	4.4
Derby Trust ......int	3.16	Aug. 31	2.77‖	—	6.25‖
F & C Eurotrust	1.6	Sept. 6	1.55	16.	1.55
Kenyon Secs.	6.25‡	—	9.38	—	—
Munford & White	1‡	Sept 28	1	2	1
Singlo Group	0.75	Oct. 1	0.59*	1.55	1.32*
Temple Bar ......int	1.65	—	1.5	—	4.2
Unilock	0.5	—	0.38	0.93	0.7

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Shares traded on OTC market. ‖ After adjusting for share subdivision.

Option plan could decide Rowton Hotels' fate

By Alexander Nicoll

AN UNUSUAL option arrangement seems likely to resolve uncertainty over the ownership of Rowton Hotels, to which companies associated with two Asian businessmen have been building up separate substantial holdings.

Rushlake Investments, owned 50 per cent by Mr Nurdin Jivraj, already owns 29.26 per cent of Rowton. It has acquired options on a further 23.57 per cent from the Virani Group and Belhaven Brewery Group, of which Mr Nazmu Virani is chairman.

The options—on 491,250 shares owned by Virani Group, Mr Virani's private company, and 407,750 owned by Belhaven—are exercisable at 340p per share by August 17. The shares, which are being treated as a single holding, would give Rushlake 52.83 per cent of Rowton and it would then make a full bid to other shareholders.

Rowton shares were unchanged at 330p yesterday, valuing the company at £12.58m. Once well-known as the operator of hostels — it was founded by Lord Disraeli's secretary as a philanthropic body—Rowton now has just three hotels in London and one in Suffolk.

Rowton's poor performance led to the ousting of its chairman last year, when Gresham House, an investment trust, was a major shareholder. Gresham sold its 24.66 per cent holding at the beginning of this month to Rushlake, which subsequently bought more shares.

Mr Jivraj, who owns half of Rushlake, with the remainder held by foreign investors, has four hotels in the West End of London.

Meanwhile, Mr Virani's interests were also increasing their stake in Rowton from 5 per cent. Mr Virani has substantial private hotel interests as well as a 29 per cent stake in Belhaven.

Mr Virani said yesterday that he had been considering a bid for Rowton, but that Rushlake had made an offer at an attractive price. "There was no point in both parties being in Rowton and at this level we thought it was a sensible thing to do," Mr Virani said.

Rushlake has paid a deposit of 33.5p per share for the options—a total of about £750,000—and will lose the deposit if the option is not exercised. Virani Group and Belhaven will remain entitled to a 4.23p dividend declared on July 12.

Mr Jivraj said he had chosen to buy options—rather than simply to buy the shares—so that Rushlake could have time both to talk to the Rowton board and to prepare a full offer document for other shareholders.

The result of a recent row over seats on the board was that Mr Jivraj and two associates were invited to become Rowton directors, and that Mr Virani and Mr Rhod Jones, Belhaven finance director, were also invited.

There are four other seats on the board, including the chairmanship which is held by Mr David Hardy, chairman of Globe Investment Trust. He was not available for comment yesterday.

The option purchase was cleared by the Takeover Panel, which approved the treatment of the Virani and Belhaven stakes as a single holding—thus ensuring Mr Jivraj of a majority if the option was exercised. But the Panel stipulated a 28-day time limit on the right to exercise it.

Rushlake is being advised by Grindlay Brandts.

* * *

Mr Maurice F. Krug, a director of Butterfield-Harvey, has purchased 300,000 ordinary shares on behalf of Technology Inc, increasing its holding to 1m (6.92 per cent).

Consortium now wants four nominees on Emray's board

BY RAY MAUGHAN

THE CONSORTIUM seeking to put its nominees on to the board of Emray, the vehicle distribution and financial services group, now wants to put up four representatives, rather than the original three candidates, at the group's annual meeting at the end of this month.

Emray, headed by Mr Lionel Altman, has received notice from a Guernsey-based company, Innowatch, of its intention to propose Mr Alan Gale for appointment to the board.

Mr Gale, managing director of the Taddale property group, has already served on the board of Emray to represent Taddale's 26.62 per cent stake. That holding was sold to the consortium in March this year, thereby triggering these boardroom resolutions and Mr Gale left the Emray board on July 7.

Mr Murdoch Morrison, Mr Ben Anderson and Mr Edward Denison are already seeking election as the consortium's nominees with the conviction that "we have wide experience and connections which we believe enable us to present to shareholders exciting propositions which would result in the company achieving improved profits and an increase in assets."

Mr Murdoch and his associates have recently written to uncommitted shareholders, soliciting their support at the meeting and expressing their belief that the election of three directors, as then proposed, "will have a more effective voice than one director out of six or two directors out of seven." In fact, had Mr Gale not resigned, "we would have been only three directors out of nine."

That balance is now changed by Innowatch's approach which Mr Altman interprets as the consortium's bid to achieve boardroom parity. This move he said, "can only indicate an intention to vote against the re-election of Sir Leonard Atkinson."

Referring to Sir Leonard the consortium statements says that "as he now approaches the age of 74, he should surely wish to take on the challenges of the next 20 years."

Emray, in its latest letter to shareholders, seeks to clear up a number of "inaccurate statements and innuendoes" which the group says have been circulated by the consortium.

In particular, the chairman defends the sale this year of a quarter of his holding in Emray on the basis that the disposal was effected by "the independent trustee of a discretionary trust over which Mr Altman has no control but is a beneficiary."

Details of the agreements by which the chairman works for Emray were included in the circular explaining the acquisition of Bluebell, from Taddale, and the extension of that agreement was "specifically approved" by shareholders at the last annual meeting.

The consortium is convinced that "if our friendly approach to the Emray board is rebuffed, the share price will inevitably go back into the doldrums." On the other hand, "we have two exciting acquisitions to bring before your board, operating in the fields of electronics/reprographics and telecommunications."

But Emray stresses that "our management figures for the first six months of 1984 confirm that our growth is being maintained. Answering the consortium's stated reservations about vehicle distribution prospects in the wake of the A registration boom and increased competition against the Vauxhall Cavalier range, the group points out that the manufacturer, General Motors, is showing 27 per cent growth in car sales in the first half of 1984 and in the same period Emray's motor turnover "was up 37 per cent compared with the first half of 1983."

Henlys views Midepsa's approach as inadequate

BY ALEXANDER NICOLL

Henlys, the car dealing group, yesterday formally told shareholders that it views a £16.8m bid from Midepsa, an investment vehicle of Hawley Group and British Car Auction group, as inadequate.

"This price (120p per share) is no greater than the price for Henlys' shares in the stock market immediately before the announcement of the Midepsa offer," said Mr John Dowling, chairman.

Promising "most encouraging news about Henlys' improved trading position," he urged shareholders not to accept the offer from Midepsa, a Montreal-quoted company which, after various share transactions are completed, will be owned 40 per cent by Mr Michael Ashcroft's Hawley and 25 per cent by Mr David Wickins' BCA.

Mr Dowling said the circular to shareholders was being issued with the approval of the Bank of Scotland which, through its subsidiary North West Securities, holds 29.6 per cent of Henlys and will thus play a deciding role in its future. Midepsa owns 29.9 per cent of Henlys through the limousine maker Coleman Milne which it is absorbing.

The Bank of Scotland has said it would support a bid which had the support of Henlys board, upon which it is represented by Mr Raymond Hazleburst, North West's managing director.

The Henlys bid has reminded the City of a similar situation in 1982, when North West Securities held a 29.9 per cent stake in Braid, a Liverpool vehicle distributor. Lookers, a Manchester rival bid for Braid and seemed destined to fail until North West changed its mind and accepted the offer in the closing minutes of its full 60-day run.

Lookers, benefiting from a ploy by its advisers Lloyds Bank International — it advised shareholders to withdraw acceptances and sell in the market, and then picked them up itself—had won 45 per cent of Braid and North West felt it should not "prolong the agony" by holding out.

Henlys, like Braid, is a company which argues that it is turning round. It believes it has institutional support for its view that the price being offered is too low. Henlys shares rose 1p to 125p yesterday.

Brooke Bond director quits

One of the first moves in the battle for control of Brooke Bond, tea and Oxo meat extract group, was the resignation yesterday of the Earl of Limerick as a non-executive director. He is an executive director of Kleinwort Benson, the merchant bank which is advising Tate & Lyle in its £295m cash and equity offer for Brooke Bond.

Shares in Tate, cane sugar refiner, added 3p to 315p to value each Brooke Bond share at 95p against the closing market price of 102p, up 1p.

* * *

Adwest Group has acquired for cash the Warwick Pump and Engineering Company from the Warwick Group. The asset value of Warwick Pump at acquisition was approximately £1.9m.

Lowndes Lambert deal

Lowndes Lambert Group, the insurance subsidiary of Hill Samuel Group, has agreed in principle to purchase the entire share capital of P. W. Kininmonth (Holdings) in a deal worth between £3m and £4.5m.

The purchase includes the Lloyd's broker P. W. Kininmonth. Kininmonth's business is predominantly reinsurance, although it has a number of direct insurance accounts.

Its reinsurance portfolio will be combined with Lowndes Lambert's own reinsurance business, as soon as practicable, in a new company, Kininmonth Lambert.

On the basis of warranted 1984 profits before taxation of £600,000 of the Kininmonth interests, the purchase price is expected to be between £3m and £4.5m payable in cash, depending on the level of profitability of the combined reinsurance business over the next three years.

Polymark International—The beneficial ownership of 281,148 cumulative convertible participating preference "A" shares has been transferred from RIT and Northern to Charterhouse J. Rothschild, following the merger of RIT and Northern with Charterhouse.

Currys—Two family trusts, of which the trustees include M. Curry, a director, have distributed a total of 133,095 ordinary shares and 1,622 preference shares to one of the beneficiaries of the trusts. Another family trust, of which the trustees include T. R. Curry, a director, has distributed 64,853 ordinary shares to one of the beneficiaries of the trust.

MINING NEWS

Cominco makes progress while Asarco falls back

BY KENNETH MARSTON, MINING EDITOR

SECOND QUARTER results now flowing from the major transatlantic natural resource groups make a mixed showing. The Canadian metals and chemicals-producing Cominco which managed to pull out of the red in the final quarter of last year continues to do better.

Second quarter earnings amount to C$15.6m (£8.9m) before taking in an extraordinary gain of C$5.2m which arose largely from the sale of an interest in a Texas oil recovery project.

The inclusion of this item brings Cominco's earnings for the first half of this year to C$25.3m, equal to 21 cents per share after the recent three-for-one share split, compared with a loss of C$22.7m in the same period of 1983.

Higher prices for zinc and lead were the major factors in the improved second quarter results and they offset the effects of lower prices for copper and silver. Owing to ice conditions a shipment of lead-zinc concentrates from the Black Angel mine in Greenland was delayed until the first week of the current quarter.

More was earned by the chemicals and fertilisers division and from metal products and electric power distribution. The share of earnings from associated companies amounted to $5m against a loss of C$300,000 a year ago.

Cominco makes the point that while the strength of the U.S. dollar, in which many of the company's products are priced, has benefited earnings when converted into Canadian dollars, the latter were adversely affected by higher interest rates on outstanding debt.

The strong U.S. dollar also makes refined zinc expensive in European markets in terms of European currencies. This, it is added, has resulted in buyer resistance in Europe where consumers have started to run down stocks in anticipation of lower prices. Evidence of price weakening has been seen in recent wekes.

The outlook for zinc and lead continues to be optimistic at prevailing levels of economic growth, says Cominco, but it adds that "current consumption and prices levels could be adversely affected by continued strengthening of the U.S. dollar and higher interest rates. The prospects for chemical and fertiliser sales in the latter part of the year are favourable."

While Cominco has been making headway the U.S. Asarco producer of non-ferrous metals has fallen back into losses this year. A net loss of $28.6m (£21.7m) now reported for the second quarter makes a first-half deficit of $59.7m, or $.67 per share, compared with net earnings of $43.7m in the same period of 1983.

In the latest quarter Asarco had to contend with an exceptional pre-tax charge of $38m relating to the closure of its Tacoma, Washington, copper smelter. The total cost of the closure is put at $60m, less a credit of $22m from changes to estimated costs for previous plant closings.

Otherwise, this year's results have been dampened by lower prices for silver and copper. Unlike non-U.S. producers, Asarco has not had the benefit of an offsetting exchange gain in domestic operating revenue for these dollar products. However the company did receive higher prices for lead and zinc, the two other major products.

Asarco has enjoyed some currency exchange gains, these arising from the associated companies in Australia, Mexico and Peru. But the total for the first half of the current year has fallen to $9.1m from $36.5m in the same period of 1983.

Looking on the brighter side, Mr Ralph L. Hennebach, chairman of Asarco, maintained: "Although Asarco's financial results don't reflect it, demand for our products is good. So far in 1984 the company's sales volumes of silver and copper are higher than last year's healthy levels.

"However," he conceded, "the lower prices this year for these two products make it difficult to operate profitably." Still, he pointed to the fall in copper stocks and added, hopefully: "Historical precedent suggests that if the fundamentals continue to improve, copper prices on the commodity exchanges should ultimately follow suit."

Rustenburg raises profit and dividend

INCREASED SALES volumes and higher average prices for all metals apart from gold, coupled with lower unit costs, were the main reasons behind the jump in full-year profits at South Africa's Rustenburg Platinum Holdings.

Net profits for the 12 months to June 30 came out at R100.1m (£50m), compared with R63.1m for the previous 10-month period. This represents a rise of 58.6 per cent, or 31.8 per cent on an annualised basis. Figures for the prior period have been re-stated to reflect the change in accounting basis from LIFO to FIFO.

The total dividend is raised from 45 cents a share to 60 cents with a final of 42.5 cents, 10 cents higher than last year.

	1984 12 months	1983* 10 months
	(Rand m)	
Gross sales revenue	807.3	543.5
Commissions and discounts	50.7	33.7
Net sales revenue	756.6	509.8
Cost of sales	546.3	377.5
On-mine costs	372.0	248.7
Treatment and refining	96.0	74.6
Off-mine costs	35.5	20.1
Decrease in stock	42.7	34.1
Profit on metal sales	210.3	132.3
Other income	23.1	18.4
Profit before provisions	233.4	150.7
Provision for renewals and replacements	36.9	18.2
Profit before tax	196.5	132.5
Tax and lease	59.4	69.9
Tax normalisation	37.0	0.4
Profit after tax	100.1	63.1
Dividends	75.2	56.4
Transfer to reserves	24.9	6.7
Earnings per share (cents)	79.9	50.5
Div (cents)	60.0	45.0
Dividend cover	1.3	1.1

*Re-stated to reflect change in accounting practice.

The higher prices and increased sales volumes reflect the significant improvement to demand for platinum group metals noted last month by Mr Gordon Waddell, Rustenburg's chairman. The sales figure must also owe something to the company's decision 18 months ago to abandon the producer price system in favour of a pricing policy more closely related to the free market.

Rustenburg's rival, Impala Platinum, has maintained its formal adherence to the producer price, currently $475 per ounce, while the free market is now around $330.

Although Rustenburg did not say so explicitly, its production must have been substantially higher in the past year than to the previous ten months. This is evidenced by the fact that the total figure for "on-mine costs" rose by 50 per cent, even though there was a fall in unit costs, both per tonne mined and per ounce of platinum produced.

The overall figure for treatment and refining costs was also higher, although Rustenburg pointed out that these charges benefitted from the elimination of depreciation following the acquisition of the South African refining operations of Matthey Rustenburg Refiners on December 30.

* * *

ONE of Zimbabwe's main gold producers, Falcon Mines, is forecasting a fall of some 24 per cent in working profits of its mines to Z$5.3m (£3.19m) in the current year to next March, reports Tony Hawkins from Harare.

The forecast assumes an average U.S. gold price in the year of $386 per ounce

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Cerebos Pacific

'Act now or find yourself behind'

Chris Sherwell reports on a UK company's Far East Policy

TO MOST British consumers, Cerebos means salt. Not in the Far East. If managing director John Bittleston of Cerebos Pacific has got his message across, it means Brand's Essence of Chicken and, soon, a whole new range of products as well.

The identity is important. Brand's Essence of Chicken is a recuperative tonic based on a traditional Chinese recipe thousands of years old, and is responsible for 84 per cent of Cerebos Pacific's profits in the Far East outside Australia and New Zealand.

It is also the cornerstone of an Asian growth strategy for Ranks Hovis McDougall (RHM), Cerebos Pacific's British parent and one of Europe's largest food distributors. The strategy, begun some four years ago and now surfacing more clearly, offers pointers to others seeking to expand their business in Asia and the Third World.

The Cerebos experience, though unique in some respects, suggests there are important advantages in having local shareholder participation, well-connected local partners, ready cash, and a willingness to experiment in new product lines, new companies or new countries.

But it goes further than this. Bittleston has some solid advice for British businessmen looking at the region. "You must be flexible about the share of equity you want in an acquired business or in one you set up, and about the return you expect," he says.

"You must also be fast, for the timescale in the Far East is short; act now or find yourself behind. And you must be fearless. You should do your research, and know about the products you market, but usually you do not have the data you'd like to make judgments. There is no room for timidity."

Cerebos Pacific's most critical step came a year ago, when the company offered 25m 50-cent shares to the public in Singapore at a price of S$1.35 each.

In fact the offering alone—the basis on which it was conceived and the successful way it was executed—provides some clear management lessons.

Cerebos had already been operating for decades in the Far East, setting up factories in countries like Singapore, Malaysia, Thailand and Taiwan, and business was growing. Growth had also been heartening in Australia and New Zealand, which now provide about half Cerebos Pacific's profits through lower margin, higher volume food products like cereals, soups, sauces and juices.

But Cerebos was concerned about existing and potential barriers to trade in the Far East and saw its safest course as adding local participation to its foundation of local production. On top of this, the company was also finding increasing problems in running the whole operation from London, and especially in generating enthusiasm for new products or acquisitions.

This looked particularly important because of the sheer size of the Far East market and its rapidly rising standards of living.

Cerebos Pacific was therefore formed in 1981 as a holding company to manage RHM's interests in the Far East and Australasia. Dennis Lee Kim Yew, a lawyer and businessman who is also the brother of Prime Minister Lee Kuan Yew, became chairman. He was already chairman of Cerebos Singapore, in which the Singapore government has a 45 per cent stake—another handy advantage for the company, as well as a source of profit for the government.

Before the share issue, a campaign was launched to establish the connection between Cerebos and Brand's Essence of Chicken. So successful was the campaign—and so ready with cash the Singapore investing public—that the offer was over-subscribed 40 times and application monies topped S$1.2bn.

According to Bittleston, however, the success was more than a matter of highlighting this important link. "We also had to convince brokers, bankers, analysts and the media that profitable business did not necessarily need high tangible asset backing"—something that Cerebos couldn't point to.

"We thought this thinking misguided," says Bittleston. "We pointed out that assets were not just bricks and mortar but established names and markets. And that's what we have."

Though RHM still held three-quarters of the total 100m shares after the issue, the stock has been a darling of the market.

Bittleston's wasting little time building on what was achieved last year—there is even the tangible asset of a new S$5m factory in Singapore to expand production and administrative facilities.

A major aim is to reduce the company's dependence on a single product—something that's already begun—by pushing the company's estimated S$50m cash surplus into product development and acquisitions.

One reason for reducing this dependence is to counter the competition in essences from China itself, in the form of the Yang Cheng co-operative. This is reckoned to have about 50 per cent of the Far East market, and is growing.

Last year the company marketed Brand's Essence of Chicken with Cordyceps, and the product is said to be doing well. It also launched Bird's Nest in Rock Sugar, another tasty Chinese delicacy based on the saliva swallows use to line their nests. This was one of four or five items Cerebos considered after consulting the Singapore polytechnic about Chinese products still made at home (the poly came up with 44).

Cerebos consulted Singapore Polytechnic about possible products, it came up with 44

However, helping along Cerebos in this competitive environment is the fact that the overall market for such products seems to be growing. Bittleston reckons that Cerebos sales in Indonesia, for example, have grown 217 per cent since 1979-80. The figures for Hong Kong—an important market, although Cerebos has no production facility there—are up 73 per cent, and in Thailand 59 per cent. Only the Singapore and Malaysian markets are showing any signs of maturity, he says.

For the Far East market generally, Cerebos is also expanding production of its successful instant rice porridge dishes, a high volume item, and is studying the market for Chinese herbs.

There is plenty of action in Australia and New Zealand too. In Australia the company is developing milk-based desserts, breakfast cereals, snack products and even going into the aseptic packaging business. In New Zealand it is launching a concentrated orange juice.

As for acquisitions, joint ventures and mergers, discussions are now going on in both New Zealand and Australia, says Bittleston. "We've been through four serious negotiations already. We're very acquisitive. But it is more difficult in this part of the world than anywhere else, because in each country we face national aspirations to own and run businesses. It is difficult for foreigners to acquire strategic or politically sensitive businesses like food."

The company is now looking to improve on its better-than-forecast S$12.9m attributable profit for the year to last July, earned on group sales of S$157.9m. But this will be due more to a strong trading performance from Australasia than improvements in the Far East, where reduced consumer spending and severe competition have taken their toll.

Cerebos Pacific now contributes just under 20 per cent of annual profits to the RHM group as a whole, underlining the importance of its present course. It runs on low numbers of high energy management staff, of which Bittleston is a good example. He seems to spend as many nights travelling in an aircraft as in a hotel, and even less at his Singapore base.

This begs the question of whether the company is spreading itself too thin in such a vast and culturally diverse continent. Bittleston doesn't think so. But if the company's expansion keeps up its present pace, that could change.

Political risk analysis

Not a complete success

SOME TIME over the next month a confidential dossier should be dropping into the in-tray of many top managers whose companies have interests in Canada. It will give a carefully considered opinion of the likely outcome of the September 4 general election in that country and the commercial implications of any policy changes that might follow in the wake of a new parliament.

The dossier will be the work of each company's political risk analysts, who will probably also have completed a similar exercise on New Zealand and Israel. It is their job continually to assess the political risk that their employers take with their investments, whether at home or overseas.

In the Canadian file, there will no doubt be reference to the threat in the late 1970s of the former Prime Minister Pierre Trudeau to reduce foreign ownership of petroleum reserves.

To fulfil electoral promises, Trudeau started squeezing the oil companies by levying heavy taxes and forcing the "Canadianisation" of their equity. Eventually he forced some of them out of the country.

This time a different set of measures will be in store but multinational managers will already have been forced by the Trudeau exercise to recognise the increasing power of host governments to affect their fortunes. In response, many companies have expanded their capability to analyse political developments by introducing diverse systems to assess political risk.

Even so, few executives are satisfied with the way their systems work, according to Thomas Shreeve, author of a new study into the political monitoring successes of seven U.S. multinationals.

Shreeve, a political analyst with the U.S. State Department and a research associate in the general management division of Harvard Business School, found that none of the companies studied had a solution to the problem of how to monitor political developments.

Writing in the latest issue of Harvard Business Review*, he says that the main reason why so few systems work as well as planned is that executives have been concerned with "the theoretical methodology for analysing data rather than with the practical importance of the process for gathering and disseminating information throughout the company."

Shreeve points out that most companies setting up political monitoring systems allow either the line managers or the corporate staff to dominate the practice.

If the line wins out—"as is the case with most manufacturing companies"—the organisation enjoys a good flow of intelligence from the field to headquarters, he says. The risk then is that parochial interests will prevail "and that top management will fail to spot opportunities or trends that overlap line fiefdoms. Field managers may also neglect to report potential problems they believe they cannot solve."

He says that to compensate for these deficiencies some companies get their political input and analysis from corporate staff.

"Top managers control the system tightly in order to analyse global issues. If a company's political environment is unusually sensitive to worldwide developments (as it is in the oil and other extractive industries) this approach provides top managers with access to a broad range of political risk analysis.

"Ultimately, however, the company may develop a blind spot when it comes to local operating problems."

Shreeve says that the answer is to strike a balance between the extremes. Top managers can begin, he says, by considering how they will motivate employees to use the political risk assessment system—before they put the system into place.

He recommends that managers keep two points in mind.

● They should appreciate that the best source of political intelligence is line managers: "their insights enable a company to assess changes in rules, regulations and governments more realistically than those of any outside consultant. Their analysis will make up in detail and practical experience for what it lacks in methodological elegance."

● They should encourage a more subjective approach to assessment. "While managers often prefer to rest their analysis on the clean crunch of numbers—mainly by relying on the kind of risk indices that research organisations and banks sell—quantitative analysis will never help integrate political intelligence into the organisation.

"Politics is nothing if not subjective, and only human beings can reflect its reality."

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Arnold Kransdorff

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Pressured into signing

My husband started a limited company a few years ago, with just him and myself as directors. The company is doing extremely well, but unfortunately our marriage is not. The last time we had a serious difference of opinion, he wrote to the accountant for a form for me to complete to sign over my share of the business to him, as he wanted to know the business belonged completely to him.

He assured me I had nothing to lose as he was the business, as indeed he is, with no assets other than the cars on the business.

We patched up our difficulties, but if there is another, I feel sure I will be pressured to sign. I receive a small salary from the company, incidentally. Could you please tell me exactly what I would be signing away?

We cannot tell the full extent of what you might be signing away without full details of the structure of the company and of its assets and trading position; however it is certain that you might well forego something of real value if you transfer your shares. We would advise you not to do so without first obtaining competent professional advice; you can suggest that your husband undertakes to pay for you to consult an independent solicitor, should the question arise again.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

TECHNOLOGY

EDITED BY ALAN CANE

Semiconductors

High speed circuits

JAPANESE government scientists say they have successfully developed and tested a niobium nitride "Josephson junction" logic circuit. The Josephson junction is a type of high-speed semiconductor which operates at low temperatures. It is being researched in both Japan and the U.S. as a potential "next-generation" technology for commercial semiconductor applications.

The scientists, at the Ministry of International Trade and Industry's electrotechnical laboratory, say they have test-manufactured a 652-gate niobium nitride Josephson logic circuit, and used it to complete a four-digit multiplication in less than one nanosecond (one-billionth of a second).

The result reported by the MITI scientists is four to five times faster than the typical performance of a gallium arsenide semiconductor device, an alternative next-generation technology which several Japanese semiconductor manufacturers favour because it does not require the low operating temperatures of the Josephson junction.

CEEFAX, CRACLE AND PRESTEL ARE JUSTIFYING THEIR EXISTENCE

Videotex family puts down its roots

BY ALAN CANE

SLOWLY BUT surely, the family of computer-based information systems known collectively as videotex is establishing its position in business and the home. It may never have the importance and glamour that was anticipated at its birth, but it is already repaying the time and finance invested in its future.

First, some definitions. Videotex systems display information stored in a computer on a modified domestic television set (although, of course, a commercial video monitor can be used as well).

In practice, this means there are two kinds of videotex; first, broadcast videotex where information from the computer is carried using spare "lines" of the conventional television signal. This is called teletext generically, and in the UK it is offered by the BBC as Ceefax and as Oracle by the Independent Broadcasting Authority.

Second, there is viewdata, where the information is transmitted from computer to television set over the telephone lines; in the UK, the viewdata service operated by British Telecom is called Prestel.

For the sake of clarity, it is worth pointing out that *teletex* is the generic name for high speed text communication between computers—a kind of supertelex or electronic mail.

Similar restrictions apply to both videotex systems.

The bandwidth offered by the transmission media is limited in both cases so the speed of the service tends to be slow and the graphics and text on the screen are crude by either television or computing standards.

On the other hand, both are inexpensive ways of transmitting computer based information; Ceefax and Oracle are free to viewers with suitably modified sets—which generally cost £50-£100 more than conventional sets—while Viewdata fees are based on a combination of charges for individual "pages" or screensful of information *together with* local telephone call costs.

With six Prestel computers in action across the country, British Telecom reckons to be able to offer access to its service to 94 per cent of the population for the cost of a local telephone call.

Teletext is comparatively inflexible. Pages of information are displayed on the screen in fixed rotation. Although a desired page can be held on the screen, in practice, the maximum number of pages that can be transmitted is about 200 if the time spent waiting for the page to be displayed (between 7 and 10 seconds) is not to become unacceptably long.

Nevertheless, Teletext, probably because it is a "free good" has proved comparatively popular.

According to the marketing consultancy Mintel some 1.4m homes in the UK have a teletext set, representing a household penetration of 6.5 per cent.

Mintel argues: "With trade deliveries of teletext sets now at the 650,000 per annum level, the market is growing fast and some estimates forecast 12m sets installed by 1990, representing 85 per cent of all colour TVs."

Both Oracle and Ceefax carry similar material—general news, financial information, sport, weather forecasts and so.

A new feature built into the latest sets allows viewers to reveal answers to quiz questions by pressing a button on their keypad.

Independent Television News *announced earlier this month* that it will carry some 50 pages of Olympic news, results and reports available 24 hours a day while the Games are taking place in Los Angeles.

What distinguishes viewdata from teletext is the interactive nature of communication via telephone lines.

The viewer can not only receive information from the computer, he or she can contribute information to it. It makes possible selection systems for viewdata pages so that the viewer can swiftly (more or less) get to the page of choice. It means that the viewer *can* give instructions to the computer — ordering goods from a catalogue, perhaps or selecting an item from a menu of choices.

According to a report from the consultancy Communications Studies *and* Planning International the number of videotex terminals in use in April 1983 totalled 2.3m worldwide of which 1m were installed in the UK.

The survey went on to show the domination of the UK videotex technology in world markets; of the 2.3m total, 2.26 were using the UK standard, *just over 30,000* the French Antiope/Teletel system, 5,800 the Canadian Telidon, 2,270 the Japanese Captains and 746 the North American PLP/NAPLPS.

It is worth nothing, however, as the UK Videotex Industry Association (VIA) points out that the UK's apparent dominance is almost entirely due to the large number of Ceefax and Oracle users. The UK has only a 60 per cent market share of viewdata services.

Second, the survey disregarded some 207,000 terminals in the U.S. which are used to gain access to commercial databases — Compuserve, The Source, Dow Jones and so on.

These services use the American Standard Code for Information Interchange (Ascii); graphics cannot be transmitted so the purists would not regard them as true viewdata services. But as Via points out: "As the demarcation lines between similar technologies become ever fainter, it is a moot point whether we can for much longer ignore the figures in this type of survey."

Indeed, Mr T. F. Chapman, a senior consultant at Butler, Cox and Partners wrote in a report earlier this year: "Whereas in 1980, videotex was perceived as an entity—a technology—that would create new a videotex industry, in 1990 or 1995 it will *be perceived* as little more than one of the many communications and display protocols."

Over the last year or so, Prestel, now with 44,000 terminals installed and growing at 1,500 terminals a month, has been given a boost by several developments including Micronet 800, a microcomputer program service for users of home computers. *The programs are stored on the* Prestel computers and can be loaded into the customer's home machine over the telephone *lines*. It needs only a cheap modem, a device which translates the electronic pulses computers understand into the electronic pulses telephone systems can transmit.

Homelink, a home banking and shopping system launched by the Nottingham Building Society, is another example of an innovative service using Prestel. Homelink customers are able to inspect their accounts, make payments and so on using a Prestel television set and a special keyboard.

Then there are closed users groups. British Telecom has established a number of services for professional groups including Farmlink for the south-west regions and based on Taunton.

The service includes information from the Ministry of Agriculture Fisheries and Food, weather *forecasts, disease* warnings and so on.

Individual companies offer complete videotex systems for general use or for specialised applications. Debenhams and the British Home Stores, for example, last year formed a new company Disc International to sell the interactive videotex system "Viewbase."

Intercommodities, the London trading house, has made profits from its InterCom Videotex operation on Prestel, offering commodities information.

The whole videotex business, however, could take a massive leap forward with the general spread of cable television. The bandwidth afforded by fibre optic cable would improve the quality of graphics substantially—opening the hope of "Picture Prestel" with images of equivalent quality to broadcast television.

It should arrive just in time for a population becoming educated to the true value of the information it has hitherto simply taken for granted.

Prestel installations are now growing at a rate of 1,500 terminals a month. Users have access via the telephone line to a wide range of services including houses for sale and professional services such as Farmlink in agriculture

Testing

Materials analysis

LOUGHBOROUGH Consultants is using a laser technology to test the strength of materials. The company uses a pulsed laser to disintegrate a small part of a sample in an ultra-high vacuum chamber. The material, which is now in the form of molecular ions, is then inspected by an ion mass analyser.

The entire process takes only a few thousandths of a second.

It has applications in a range of industrial and research sectors. For example, it could identify impurities in silicon crystals which are the starting materials for electronic integrated circuits.

Loughborough Consultants, which is based at the University of Technology, now offers an industry analysis service which has been launched with the help of the Department of Trade and Industry. More details on 0509 230426.

Monitoring

Process control

MONITORING AND control can now be carried out on an industrial version of the IBM personal computer. Analogic in Weybridge has linked the computer into a process control system. It can handle up to 256 process variables.

Dubbed the Industrial Connection, it has a number of plug-in circuit boards which can accept different types of sensors inputs and output control signals. It comes complete with a software package for control and communications.

More details from Analogic on Weybridge 56011.

Engines

Long life turbocharging

A BRITISH-designed fuel injection system from Trans Europe Sales & Service is claimed to double the life of turbochargers. The company says that the system can be connected to all kinds of turbo engines including marine engines and generators used for standby power supplies. More details from the company in Colchester on 0206 562464.

Software

Low cost professional programs

PUBLISHERS OF computer games software pioneered the idea of cheap programs.

Now it is spreading to business software. For just £99.95 Practicorp, a U.S. company best known for its Practicalc spreadsheet program for the Commodore 64, will sell its word processor, database manager or spreadsheet to IBM PC users. All three together cost only £249.95.

The company is marketing its products as "no nonsense" software; it believes that many computer users have no time for, or interest in, sophisticated business packages.

They may use, say, a word processing package only once or twice a month.

On the other hand, companies installing personal computers in their thousands (and an order for 3,500 machines at one go is by no means unusual these days) sometimes baulk at the thought of providing an equivalent number of copies of a piece of software selling at, say, $500 but would be prepared to buy at $100.

According to Practicorp chairman Sandy Ruby: "We see computer software as a consumer product."

Ruby, Practicorp president Robert Shapiro and UK managing director Colin Aldridge are all from the audio industry, Shapiro and Aldridge previously having worked for Celestion.

Low cost has been achieved by writing the packages in a high level language for efficiency and portability (the ubiquitous "C" language) and by cutting out what Practicorp reckons to be unnecessary bells and whistles in the programs.

They are not integrated (in the Lotus 1-2-3 sense) but share common commands.

More from Practicorp on 0473 462721. Availability from September 1 for IBM PC and ACT Apricot.

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WALL STREET

Favourable response short-lived

A FAVOURABLE response from Wall Street's bond markets to news on inflation and the progress of the U.S. economy failed to last the session yesterday, *writes Terry Byland in New York.*

The bond market was finally little changed after shedding early gains which had ranged to ¾ of a point.

The stock market fell sharply at the end of the day to finisb at a new 17-month low. However, a dip in the federal funds rate brought lower rates in the T-bill and money markets.

The stock market moved erratically in thin trading and began to lose heart towards the close. A sharp fall in the final half hour left the Dow Jones industrial average with a net loss of 10.05 points at 1086.57, its lowest level since February 22 1983. Turnover, at 75m shares was a shade below recent daily averages.

A rise of a mere 0.2 per cent in the June consumer price index was excellent news on inflation for the bond market, which was then given a further boost when the announcement of a substantial 3.2 per cent drop in durable goods orders for last month suggested that the growth pace of the U.S. economy may be slowing down.

Falling growth will reduce the likelihood of a tightening in credit policies by the Federal Reserve. Mr Paul Volcker, the Fed chairman, will address the Senate Banking commitee today and is expected to outline the view of the monetary authority on inflation and interest rates.

Bond prices jumped half a point or more, and there was some increase in retail demand. Some Middle Eastern interest for the zero-coupon issues forged from the most recent Treasury new issues was being seen, but European response to the lifting of withholding tax has been restrained.

The drop in durable goods orders was a discouraging factor for the stock market, wbere the spate of trading results for the second quarter from the major corporations continued to leave the market unimpressed. This week is Wall Street's own reporting season, and it also had to face some dreadful trading figures from major brokerage houses.

Trading results from Exxon, the world's largest oil company, left the shares an early $½ better at $41⅜. The other oil majors awaited their respective trading statements without mucb change in price. Superior Oil at $42⅝ sbed $⅛.

ITT, confirming the drop in profits predicted a fortnigbt ago, eased $¼ to $23½. Phibro-Salomon, the securities and commodity trading house, edged up $¼ to $22 after second-quarter figures.

Continental Illinois added $⅜ to $4⅜ in active trading on reports that, in the largest banking rescue in the history of the U.S. financial markets, the Federal Deposit Insurance Corp planned to buy out Continental's $4.5bn problem loans.

There was brisk trading again in Financial Corp of America, the largest of the savings and loans companies, but at $8¾ the stock was uncbanged.

A weak feature of the industrial stock sectors was International Harvester, whicb fell $1⅛ to $5¼, in active trading.

IBM traded at $108¼, a gain of $⅛, but most other blue chips were a sbade lower. With wage talks under way, General Motors dipped $⅜ to $66½. General Electric sbed $½ to $48⅜, while at $118¼, Texas Instruments lost $1⅛.

A fresh spate of buying took St Regis up $2⅛ to $43⅜ as the market awaited the next move following the board's rejection of Mr Rupert Murdoch's offer of $52 a share for 51 per cent of the equity.

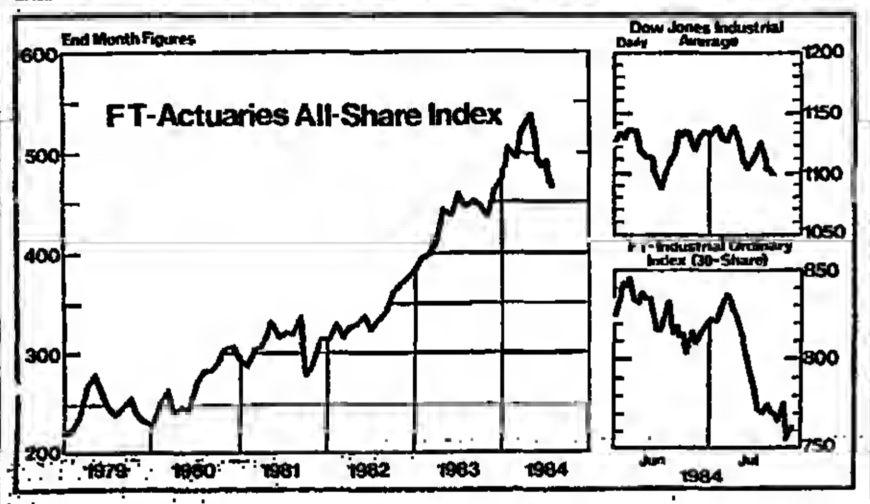
Continental Group was active again, with balf a million sbares traded in the third, or off-floor, market at $55¼, up $⅛ from the overnight NYSE close.

With the federal funds rate down to 11 3/16 per cent by midsession, there was a general easing of near-term interest rates.

Treasury bill rates, which toucbed a two-year high at Monday's auction, slipped back with the three-month bill discounted at 10.23 per cent and the six month at 10.59 per cent, seven and two basis points off respectively. Money market rates slackened by 10 to 15 basis points.

In the bond market, early gains were extended at midday. The recently auctioned 20-year bond remained in favour, gaining 5/32 to 103½. The key long bond of 2014 at 101 3/32 put on 15/32.

KEY MARKET MONITORS



STOCK MARKET INDICES

	July 24	Previous	Year ago
NEW YORK			
DJ Industrials	1,087.57	1,096.62	1,231.17
DJ Transport	445.18	447.33	579.06
DJ Utilities	123.60	124.28	131.50
S&P Composite	147.82	148.95	168.89
LONDON			
FT Ind Ord	763.5	755.3	708.9
FT-SE 100	989.6	986.9	950.9
FT-A All-share	464.84	465.83	447.00
FT-A 500	500.98	501.28	486.28
FT Gold mines	488.2	490.3	658.5
FT-A Long gilt	11.35	11.40	10.86
TOKYO			
Nikkei-Dow	9,738.96	9,703.35	8,993.4
Tokyo SE	749.67	750.09	664.08
AUSTRALIA			
All Ord.	671.5	675.0	668.7
Metals & Mins.	404.9	408.0	593.4
AUSTRIA			
Credit Aktien	53.60	53.51	55.39
BELGIUM			
Belgian SE	141.38	141.94	128.8
CANADA	July 24	Prev.	Yr ago
Toronto Metals & Minls	n/a	1,662.4	—
Composite	2,081.0	2,090.1	2,493.9
Montreal Portfolio	100.50	100.95	123.88
DENMARK			
Copenhagen SE	186.14	186.21	161.63
FRANCE			
CAC Gen	159.6	159.3	127.6
Ind. Tendance	102.1	102.8	80.5
WEST GERMANY			
FAZ-Aktien	320.10	320.41	328.92
Commerzbank	926.2	922.0	974.9
HONG KONG			
Hang Seng	745.75	747.02	1,086.90
ITALY			
Banca Comm.	207.56	208.18	197.45
NETHERLANDS			
ANP-CBS Gen	146.8	147.0	137.4
ANP-CBS Ind	119.1	119.9	111.9
NORWAY			
Oslo SE	247.30	249.14	193.91
SINGAPORE			
Straits Times	867.75	873.86	948.81
SOUTH AFRICA			
Golds	855.8	835.2	914.2
Industrials	934.1	937.2	915.6
SPAIN			
Madrid SE	128.77	128.18	120.34
SWEDEN			
J & P	1,465.82	1,465.4	1,380.78
SWITZERLAND			
Swiss Bank Ind	356.9	357.9	340.1
WORLD	July 23	Prev	Year ago
Capital Int'l	165.1	167.4	181.1

GOLD (per ounce)

	July 24	Prev
London	$339.25	$335.50
Frankfurt	$338.75	$335.25
Zürich	$338.75	$335.00
Paris (fixing)	$339.64	$335.97
Luxembourg (fixing)	$338.25	$333.00
New York (July)	$337.80*	$337.40

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 24	Previous	STERLING July 24	Previous
$	—	—	1.3245	1.319
DM	2.868	2.876	3.80	3.79
Yen	246.0	246.9	325.75	325.75
FFr	8.795	8.8275	11.65	11.635
SwFr	2.437	2.441	3.2275	3.2075
Guilder	3.238	3.2555	4.2875	4.29
Lira	1759.0	1766.0	2330.0	2327.5
BFr	57.975	58.175	76.775	76.7
C$	1.31925	1.32625	1.7455	1.7465

INTEREST RATES

	July 24	Prev
Euro-currencies (3-month offered rate)		
£	12¼	12¼
SwFr	4 7/16	4⅜
DM	5 9/16	5⅝
FFr	12¼	12⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	12 1/16	12⅛
6-month U.S.$	12 5/16	12⅜
U.S. Fed Funds	11 3/16	11 5/16
U.S. 3-month CDs	11.50	11.80
U.S. 3-month T-bills	10.28	10.19

U.S. BONDS

	July 24 Price	Yield	Prev Price	Yield
Treasury				
13 1986	100 11/32	12.78	100 9/32	12.81
13⅞ 1991	102 5/32	13.24	101 17/32	13.33
13¾ 1994	99 9/32	13.26	98 25/32	13.34
13¼ 2014	101 3/32	13.08	100 19/32	13.17
Corporate				
AT & T				
10⅜ June 1990	87⅞	13.35	87⅞	13.35
3⅞ July 1990	70⅝	10.70	70⅝	10.70
8⅝ May 2000	68⅝	13.70	68⅞	13.70
Xerox				
10⅞ March 1993	83¼	13.75	83¾	13.75
Diamond Shamrock				
10⅜ May 1993	82⅝	13.85	82⅝	13.85
Federated Dept Stores				
10⅜ May 2013	76⅞	14.00	76⅞	14.00
Abbot Lab				
11.80 Feb 2013	85	13.95	85	13.95
Alcoa				
12½ Dec 2012	85½	14.35	85¾	14.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	62-21	63-08	62-19	62-19
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.48	89.62	89.44	89.48
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.10	88.23	87.98	88.07
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	87.97	88.06	87.86	87.68
20-year Notional Gilt £50,000 32nds of 100%				
Sept	98-22	99-03	98-13	98-06

COMMODITIES

(London)	July 24	Prev
Silver (spot fixing)	542.30p	544.95p
Copper (cash)	£1,018.50	£1,023.00
Coffee (July)	£2,181.00	£2,203.00
Oil (spot Arabian light)	$27.05	$27.22

LONDON

Sentiment turns more favourable

MORE FAVOURABLE pointers from the U.S. were welcomed by London markets yesterday, and the close was firmer than seemed possible midway through the session.

Following the encouraging afternoon news on U.S. inflationary trends, dealers began raising prices. The FT Industrial Ordinary index closed 8.2 up at the day's best of 763.5.

Among those to gain were insurer Prudential, up 15p to 485p, and TI, 6p ahead at 214p. But NatWest Bank sbed 8p to 590p.

Government stocks were also in better heart, and the authorities sold the £200m trancbe of Treasury 11¾ per cent 2003-07, made available to the market on Monday, at 100½.

Longer-dated gilts finally regained around half of Monday's full-point losses, but the sborts were less successful and regained only ¼. Index-linked stocks improved by similar amounts.

Chief price chonges, Page 24; Detnils, Page 25; Share information service, Pages 26–27.

SINGAPORE

DECLINES led advances by almost six to one in Singapore as selling persisted, taking the Straits Times industrial index 6.70 lower to 867.75.

Profit-taking clipped 8 cents off the recently favoured Pan-Electric at S$2.85: it was again volume leader. Following in terms of activity were HWA Hong, unchanged at S$1.59, and Multi-Purpose, up 4 cents against the trend at S$1.20.

But Singapore Land sbed 16 cents to S$3.30, Genting 12 cents to S$4.68 and General Lumber 17 cents to S$1.88.

AUSTRALIA

RESILIENCE emerged in Sydney against further sharp falls for mining issues, despite the absence of any recovery by metal commodity values, but industrials came in for renewed selling.

BHP added 6 cents to A$9.50, after recouping an early 2-cent dip. MIM fell 10 cents to A$2.60, but CRA put on 2 cents at A$4.48. On the energy side Vamgas gained 5 cents to A$3.20, while Hartogen lost 10 cents to A$2.

Consumer issues were affected by interest rate fears: retailer Myer fell 8 cents to A$1.76. News Corporation moved another 10 cents lower to A$9 amid Mr Rupert Murdoch's St Regis bid.

SOUTH AFRICA

BUYING interest by New York investors was detected on the Johannesburg gold boards, but gains were muted as bullion edged higher. Vaal Reefs added R3.50 to R145.50, while of the mining houses Anglo-American put on 40 cents to R20.75.

Among companies reporting trading results, Barclays National Bank slid R1 to R17, chemicals group AE & CI held at R8.35, and Rustenburg Platinum firmed 15 cents to R13.15.

Industrials remained weak as the Reserve Bank was required to intervene in support of a falling rand. Inflationary implications helped take 60 cents off retailer OK Bazaars at R16.

CANADA

A WEAK tone persisted in Toronto as golds, energy and property issues all remained under selling pressure.

Banks made a better showing in Montreal, and industrials held broadly steady, but weakness was evident among utilities.

EUROPE

Firmer tack continues for Paris

A CONTINUATION of the firmer mood, begun on Monday, was seen on the Paris bourse yesterday as the market continued to warm to the complexion of the new French cabinet of Prime Minister Laurent Fabius.

Comfort was also being taken from the absence of a feared rusb to sell by foreign investors, who were generally seen to have taken a much calmer attitude to last week's government reshuffle than has been the case among domestic operators.

After a delayed opening, as a result of heavy orders at the start of the new monthly account, volume fell off with many investors taking to the sidelines ahead of M. Fabius's policy speech to the National Assembly later in the day.

The market was also digesting the latest six-monthly report from the National Statistics Institute showing that French industrialists expect a sligbt deterioration in their operating earnings in the second half of this year.

Foods and electronics sbowed some of the largest gains, with CIT-Alcatel up FFr 26 to FFr 1,038.

Elsewbere, glassmaker BSN dipped FFr 1 to FFr 2,425 as it and the state-controlled Saint Gobain, together with their Belgian subsidiaries, were ordered by the European Commission to pay fines for restricting competition on the flat glass market in Belgium, the Netherlands and Luxembourg.

Frankfurt enjoyed a better session despite the continuing strength of the dollar, which was at one stage at an 11½-year high against the D-Mark.

The market bad managed some early strength, mainly due to bargain hunting, but many issues finisbed off their peaks oo a lack of follow-througb orders.

The motor sector was firmer as the industry digested figures showing that foreign penetration of the domestic market rose to 30.1 per cent in the first six mooths of the year – wbicb saw the onset of metalworkers' strike – from 25.6 per cent in the same 1983 period.

Among banks, Commerzbank firmed DM 4 to DM 140.50 after Monday's DM 5.50 declioe, as further consideration was given to the announcement of the fall in first-half partial operating profit.

Dresdner Bank rose DM 1.50 to DM 140, and Deutsche DM 2.80 to DM 311.30.

Foreign sales left the bond market lower. The Bundesbank made purchases totalling DM 10.1m to balance the market, compared with its DM 21.8m of purchases the previous session.

A mixed to higher trend was seen in Amsterdam as bargain-bunters were attracted by the low prices in the wake of Monday's decline.

However, the ANP-CBS General index, calculated at midsession, was at a second consecutive low for the year – down 0.2 at 148.8.

Bond improved slightly after five consecutive sessions in which tbey had been at lows for the year. Attention was focussed on the state's new 8¾ per cent 10-year bond, for whicb subscriptions closed late in the session.

In the event, the bond, priced at par, raised Fl 800m compard with the Fl 1bn to Fl 1.5bn range that had been expected.

Sbares were lower as **Brussels** returned from a three-day holiday weekend, and trading was thin on the last day of the forward market.

Some profit-taking was seen ahead of this week's budget discussions, althougb declines were generally limited.

A BFr 85 decline to BFr 3,055 for photographic products manufacturer Gevaert, which has links with West Germany's Bayer, was attributed to declines in the West German market.

Market leader Petrofina shed BFr 40 to BFr 8,560 although the recently depressed volume picked up to 8,500 shares.

Zurich was easier with the decision by the country's four major banks to raise customer time deposits coming too late in the day to affect trading.

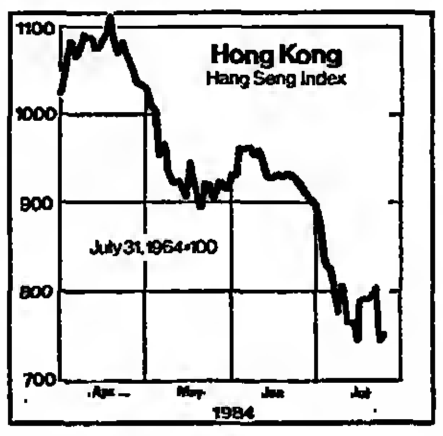
Earlier, the banking sector tended slightly firmer as Union Bank and Swiss Volksbank both announced strong first half performances.

UBS added SwFr 5 to SwFr 3,155, and Volksbank SwFr 10 to SwFr 1,330.

Bonds closed easier in quiet trading.

Madrid was again higher amid a growing belief that the Spanish market can maintain its recent improvement through to the end of 1985 as a result of a fundamental improvement in corporate profits.

Milan stocks closed mixed though bonds saw selective gains, and **Stockholm** continued its decline with most issues retreating in very quiet trading.



HONG KONG

PRESSURE remained on Hong Kong sbares after Monday's slide and ahead of the visit to Peking tomorrow by Sir Geoffrey Howe, the British Foreign Secretary, for further talks on the territory's future.

But the weakness was sbaken off at mid-morning, and the Hang Seng index managed a 7.73 rise to 754.75. Trading was on the thin side, thougb.

Gains of 5 cents apiece were recorded by Jardine Matheson at HK$5.70, Hongkong and Shanghai Bank at HK$5.25 and Hongkong Electric at HK$5.15.

TOKYO

Recovery eventually takes hold

BLUE CHIPS and incentive-backed issues recovered in Tokyo yesterday after a further plunge in the morning, *writes Shigeo Nishiwaki of Jiji Press.*

The sharp upward revision of the U.S. economic growth rate for April to June and the yen's nosedive to Y247 to the dollar at one stage triggered small-lot panic selling which led the Nikkei-Dow market average to shed 118 points early in the morning on top of Monday's loss of more than 222.

But buying gradually increased as investors apparently judged that prices had hit bottom during the five-day losing streak. The 225-issue indicator finished at 9,738.96, up 35.61, registering the first rise in six days.

But losses still outnumbered gains 443 to 250, with 144 issues unchanged. Volume increased a little from Monday's 189.32m shares to 224.96m.

At the outset of yesterday's session, foodstuffs, non-ferrous metals, electricals and precision instruments declined on a broad front. But once the selling had run its course, buy orders swelled. Morinaga, which shed Y11 at one stage, drew substantial buy orders and closed Y32 higher at Y473, with 8.29m shares changing bands.

Morinaga led the list of active issues, followed by Sanko Steamship with 6.30m shares, which lost Y5 to Y125.

These steep advances caused internationally known blue chips, wbich had plummeted the preceding day, to recover fast. Matsushita Electric industrial rallied Y20 to Y1,450 after losing Y40, while TDK, which had plunged Y70 at one point, finished Y40 higher at Y4,580. Hitachi, Fuji Photo and Kyocera dropped Y15 to Y60 early in the session but recovered to Monday's levels of Y780, Y1,480 and Y5,660 respectively.

General Corporation shot up Y80 to Y430, and Crown Radio Y90 to Y1,080. Riccar, the sewing machine maker which was granted court protection the previous day, came under heavy selling pressure, losing Y30 to close at Y40.

Buy orders placed by non-residents early in the morning with the nation's four leading brokerage houses totalled only 3.5m shares against sell orders for 22m shares.

Bond prices opened lower on fears of higher U.S. interest rates in the wake of the upward revision of gross national product growth. But they recovered fast on buying by securities bouses and a national Debt Consolidation Fund buying operation for Y30bn worth of 7.3 per cent government bonds maturing in December 1993.

The yield on the benchmark 7.5 per cent bonds due in January 1993 temporarily rose to 7.55 per cent but closed at 7.505 per cent compared with the previous day's 7.510 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	13¾	AAR	.44	2.2	21	9	20¼	20¼	20¼	
18⅝	13⅛	AMF	.50	3.3		299	15½	15⅛	15⅛	−⅛
41⅞	25¼	AMRCp			4	2454	27⅝	26⅞	27	−¼
20⅞	17⅞	AMR	pf2.18	11.		18	19¼	19¼	19¼	
41½	29⅞	AMR	pf2.13	7.0		524	30½	29⅞	30¼	+¼
25⅞	23	ANR	pf2.67	12.		2	23⅛	23⅛	23⅛	
23⅞	18½	ANR	pf2.12	10.		1	20⅝	20⅝	20⅝	
16¼	9⅞	APL			4	65	10¼	9⅞	10	−⅛
55¼	40¼	ARA	2.10	4.0	11	2014	52⅞	51½	52¼	+⅛
72⅞	44¼	ASA	3a	6.6		717	46	45⅛	45⅞	−⅛
30¼	16⅞	AVX	.32	1.9	13	266	17⅛	d16½	16¾	−¼
53⅞	38¼	AbtLab	1.20	2.9	13	1639	41½	40½	41⅛	+⅛
30¼	23¼	AccoWd	.60	2.1	16	323	29¼	29	29¼	−¼
27¼	13¼	AcmeC	.40	3.0		97	13½	d13⅛	13⅛	−⅛
12⅛	8¼	AcmeE	.32b	3.6	25	35	9¼	9	9	−¼
24⅞	11	AdmDg	.04	.3	7	24	12½	12⅛	12⅛	+¼
18⅞	15	AdaEx	2.11e	14.		47	15⅛	15⅛	15⅛	−⅛
19¼	12½	AdmMl	.28	2.2	13	9	13	12⅞	12⅞	−⅛
22	13½	AdvSys	.61t	5.4	15	59	15⅛	14⅞	15	
18	7⅞	Advest	.12	1.4	10	55	8⅞	8⅝	8⅝	−¼
37¼	25⅛	AMD			15	2456	25⅞	25⅛	25⅝	−⅞
22¼	9⅞	Aeflex			10	19	10⅛	10⅛	10⅛	−⅛
39	27⅛	AetnLf	2.64	9.6	15	1509	27⅞	27⅜	27⅝	−⅛
34½	15¾	Ahmns	1.20	6.4	5	166	19⅛	18⅛	18⅝	−⅛
7⅞	2⅝	Aileen				33	2⅞	2¾	2¾	
51	36½	AirPrd	1	2.5	9	304	39⅛	39¼	39¼	−½
30⅞	15	AirbFrt	.60	4.3	8	74	15⅛	d13¾	14	−1⅛
3⅞	1⅛	AlMoa			5	69	3⅛	3⅛	3⅛	
32¼	26⅞	AlaP	pfA3.92	14.		2	28⅛	28⅛	28½	−⅛
7¼	6	AlaP	dpf.87	14.		12	6⅝	6¼	6¼	−⅛
[illegible]										

Continued on Page 23

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

X–Y–Z

57⅞	33⅝	Xerox	3	8.7	9	1460	34⅞	34½	34⅝	+ ⅛
51¼	45½	Xerox	pf5.45	12		2	46½	46½	46½	- ⅛
37	19½	XTRA		3.3	6	33	19⅝	d19	18⅞	+ ⅛
34	24	ZaleCp	1.26	4.9	9	137	26½	26	26½	
24⅞	15½	Zapata	.84	5.1	10	893	16⅞	16½	16½	- ¼
47½	29½	Zayre	.40b	1.1	11	532	35⅞	34⅞	35⅝	+ 1⅝
38½	20¾	ZenithE			8	147	21	d20	20⅛	- ⅝
27⅞	18	Zero	s .36	1.8	15	15	20½	20¼	20¼	
34	21½	Zurnin	1.32	5.6	13	74	24	23¾	23¾	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

July 24	Price Sch%	+ or −
Creditanstalt	208	..
Goesser	321	+1
Interunfall	398	..
Laenderbank	207	+1
Perlmooser	343	+3
Steyr-Daimler	141	
Veitscher Mag	215	..

BELGIUM/LUXEMBOURG

July 24	Price Frs.	+ or −
ARBED	1,390	−22
Banq Int A Lux	5,050	
Bekaert B	3,830	−20
Ciment CBR	2,325	
Cockerill	230	
Delhaize	4,815	−40
EBES	2,415	
Electrobel	6,200	
Fabrique Nat	1,825	+25
GB Inno BM	3,100	−10
GBL (Brux)	2,120	−50
Gevaert	3,055	−65
Hoboken	5,050	..
Intercom	1,875	−10
Kredietbank	6,870	−30
Pan Hldgs	93,00	
Petrofina	8,560	−40
Royale Belge	9,310	+10
Soc. Gen. Banq	2,990	
Soc. Gen. Belge	1,620	+10
Sofina	6,100	
Solvay	3,645	
Tractionel	3,435	−5
UCB	4,430	+10
Vieille Mont	4,070	−10

DENMARK

July 24	Price Kr%	+ or −
Aarhus Olie	450	..
Andelsbanken	220xd	..
Baltic Skand	695	..
CopHandelsbank	243	−2
D. Sukkerfab	640	−5
Danske Bank	237	−2
East Asiatic	200	+1
Forenede Brygg.	935	+10
Forenede Damp.	113xr	−1
GNT Hldg.	475	..
[illegible]	[illegible]	[illegible]

FRANCE

July 24	Price Frs.	+ or −
[illegible]	[illegible]	[illegible]

GERMANY

July 24	Price Dm.	+ or −
AEG-Telef	80.3	−0.3
Allianz Vers	741	−8
BASF	149.1	+1.4
Bayer	153.5	+1.3
Bayer-Hypo	251.5	−4.5
Bayer-Verein	288	+1
BHF-Bank	224	−5
BMW	357.5	+1.0
Brown Boveri	200	−1
Commerzbank	140.5	+4.0
Cont'l. Gummi	111	−5.6
Daimler-Benz	522	−7
Degussa	329.5	+1.5
D'sche Babcock	138	−1
Deutsche Bank	311.3	+2.8
Dresdner Bank	140	+1.5
GHH	126.6	..
Hochtief	451xd	−0.7
Hoechst	139.1	+1.4
Hoesch Werke	94.3	+3.3
Holzmann (P)	428	−2
Horten	136.8	−0.8
Kali und Salz	209.5	+2
Karstadt	225xd	+3.2
Kaufhof	188	−2
KHD	219	+5.5
Kloeckner	52.5	−0.5
Krupp	77	
Linde	340.5	−0.5
Lufthansa	138.5	+1
MAN	126	+0.8
Mannesmann	133.8	+2
Mercedes Hld.	452	+1
Metallgesell.	211	+2
Muench Rueck	990	..
Preussag	220	+1
Rhein West Elect	152.5	−0.5
Rosenthal	228	
Schering	321	+4
Siemens	359.8	+0.3
Thyssen	70.5	+1.2
Varta	164	..
Veba	160	+0.2
V.E.W	110.5	−1.5
Verein-West	286	+1
Volkswagen	166	+3

ITALY

July 24	Price Lire	+ or −
Banca Com'le	16,870	−30
Bastogi IRBS	132	..
[illegible]	[illegible]	[illegible]

NETHERLANDS

July 24	Price Fls	+ or −
[illegible]	[illegible]	[illegible]

NORWAY

July 24	Price Kroner	+ or −
Bergen Bank	153	
Borregaard	267	+2
Christiania Bk.	159	
Den Norsk Credit	152	−1
Elkem	134	..
Norsk Data	283	−7
Norsk Hydro	576	−9
Storebrand	205	..

SPAIN

July 24	Price Pta%	+ or −
Bco Bilbao	347	+3
Bco Central	345	+2
Bco Exterior	207	+2
Bco Hispano	250	+1
Bco Santander	335	+2
Bco Vizcaya	393	+2
Dragados	155	..
Hidrola	54.7	+0.5
Iberduero	62.7	−0.3
Petroleos	134	+1
Telefonica	81.2	..

SWEDEN

July 24	Price Kronor	+ or −
AGA	358	+2
Alfa-Laval	231	+4
ASEA (Free)	335	+5
Astra (Free)	380	−5
Atlas Copco	122	−1
Boliden	375	
Cardo (Free)	315	−5
Cellulosa	136	
Electrolux B	248	+2
Ericsson	310	
Essolte	295	−15
Mo Och Domsjo	380xa	−2
Pharmacia	278	−2
Saab-Scania	409	..
Sandvik	400	..
Skandia	355	..
Skan Enskilda	312	..
SKF	186	+1
St. Kopparbergs	725	−5
Sven Handelsbn.	181	−2
Swedish Match	328	−2
Volvo B (Free)	255	+2

SWITZERLAND

July 24	Price Frs.	+ or −
[illegible]	[illegible]	[illegible]

AUSTRALIA

July 24	Price Aust. $	+ or −
[illegible]	[illegible]	[illegible]

AUSTRALIA (continued)

July 24	Price Aust. $	+ or −
Gen Prop Trust	2.15	−0.05
Hardie (J.)	3.05	−0.02
Hartogen Energy	2.00	−0.1
Herald W'y Times	5.52	−0.65
ICI Aust.	1.98	..
Jimb'lana 50cFP	0.21	
Kia Ora Gold	0.12	−0.01
Lend Lease	4.75	−0.05
MIM	2.60	−0.1
Mayne Nickless	2.60	+0.05
Meekatharra	0.40	..
Myer Emp.	1.76	−0.08
Nat. Com. Bk.	3.28	−0.02
News	9.00	−0.1
Nicholas Kiwi	4.05	
North Bkn Hill	2.12	
Oakbridge	0.88	..
Otter Expl.	0.44	..
Pancont'l	0.85	−0.03
Pioneer Conc	1.57	−0.05
Queensland Coal	1.07	−0.01
Reckitt & Coln	2.65	−0.05
Repco	1.10	−0.02
Santos	5.68	−0.02
Smith (H.)	3.50	−0.05
Southland Min'g.	0.30	−0.62
Sparges Expl.	0.35	
Thos. Natwide	1.78	−0.04
Tooth	5.50	..
Vamgas	3.20	+0.05
Western Mining	2.88	−0.62
Westpac	3.63	−0.03
Woodside Petrol.	1.14	−0.61
Woolworths	3.39	−0.01
Wormald Intl	2.75	

HONG KONG

July 24	Price H.K.$	+ or −
Bank East Asia	18.8	+0.2
Cheung Kong	6.55	
China Light	10.1	−0.1
Hang Lung Devel	2.3	..
Hang Seng Bank	25.9	−0.2
HK Electric	5.15	+0.05
HK Kowloon Wh.	2.86	+0.1
HK Land	3.05	..
HK Shanghai Bk.	5.25	+0.05
HK Telephone	40.75	
Hutchison Wpa.	8.7	−0.15
Jardine Math	5.7	+0.05
New World Dev.	2.3	−0.05
Orient O'seas	2.05	
[illegible]	[illegible]	[illegible]

JAPAN

July 24	Price Yen	+ or −
[illegible]	[illegible]	[illegible]

JAPAN (continued)

July 24	Price Yen	+ or −
[illegible]	[illegible]	[illegible]
Toisoi Corp	213	−2
Taisho Pharm	880	..
Takeda	723	−8
TDK	4,560	−40
Teijin	343	−6
Teikoku Oil	671	−5
Tokyo Marine	523	−9
TBS	710	−10
Tokyo Elect Pwr.	1,060	..
Tokyo Gas	138	−1
Tokyo Sanyo	620	+20
Tokyo Shibaura	700	+9
Tokyu Corp	265	+2
Toppan Print	753	−1
Toray	382	−5
Toshiba Elect.	372	−2
TOTO	565	+4
Toyo Seikan	706	+1
Toyota Motor	1,210	−20
Victor	2,100	+50
Wacoal	725	−5
Yamaha	610	+10
Yamanouchi	1,140	..
Yamazaki	628	+22
Yasuda Fire	268	..
Yokogawa Bdge.	398	−8

SINGAPORE

July 24	Price $	+ or −
Boustead Hldgs.	1.94	−0.08
Cold Storage	5.16	−0.02
DBS	7.75	−0.05
Fraser & Neave	5.00	−0.05
Genting	4.66	−0.12
Haw Par. Bros	2.01	
Inchcape Bhd.	2.59	
Keppel Shipyard	2.06	−0.02
Malay Banking	8.15	−0.05
Malay Brew.	6.60	
Multi Purpose	1.20	+0.64
OCBC	9.15	−0.16
OUB	4.04	
Sime Darby	1.93	−0.04
Straits St'mship.	1.39	−0.03
Straits Trdg.	4.90	−0.08
UOB	4.34	−0.06

SOUTH AFRICA

July 24	Price Rand	+ or −
Abercom	1.67	..
AE & CI	8.35	..
Anglo Am Coal	30.50	−0.25
Anglo Am Corp	20.75	+0.40
Anglo Am Gold	143.5	+3.50
Barclays Bank	17.00	−1.60
Barlow Rand	11.90	+0.10
Buffels	61.75	..
CNA Gallo	2.60	
Currie Finance	4.40	−0.10
De Beers	8.85	+0.15
Driefontein	44.50	
FS Geduld	44.25	+1.75
Gold Fields S.A	23.75	−0.58
Highveld Steel	4.65	..
Nedbank	11.90	−0.30
OK Bazaars	16.00	−0.60
Protea Hldgs	1.65	..
Rembrandt	28.00	−0.50
Rennies	12.25	+0.15
Rust. Plat.	13.15	−0.15
Sage Hldgs.	7.50	..
SA Brews	6.70	..
Smith (C.G.)	18.50	−0.25
Tongaat Hulells.	9.25	−0.65
Unisec	5.15	−0.65

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices July 24

Sales	Stock	High	Low	Close	Chng
925	Steep R	285	275	275	−25
12900	Sulpiro B f	440	405	410	−30
4	Suncor pr	$23¾	23¾	23¾	−¼
15200	Sydney o	71	70	70	−5
100	Tara o	$14¼	14¼	14¼	−½
290	Teck Cor A	$8¼	8¼	8¼	
16725	Teck B f	$7½	7¼	7½	
2380	Tex Can	$34½	34	34½	−¼
6156	Thom N A	$40	39½	39½	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices, July 24

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

12 Month High	Low	Stock	Div.	Yld.	P/E Ratio	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hlds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK — DOW JONES

	July 24	July 23	July 20	July 19	July 18	July 17	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

STANDARD AND POORS

Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TORONTO

Metals & Minls	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MONTREAL Portfolio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Indicates pre-close figure

TABLES INCLUDE DATA UP TO THE CLOSE

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr. 11½pc 1989	£95⅞	+5⅝
Tr. 7¾pc 2012-5	£77⅝	+1¼
Equity & Law	168	+8
Gripperrods	133	+12
Legal & General	495	+15
NMW Comp.	275	+15
Pineapple Dance	32	+5
Prudential	455	+15
RHM	82	+35
Security Centres	280	+25
TI	214	+6
Unitech	220	+10
Bryson O&G	383	+15
C. Norseman	280	+25
Hartebeest	£45	+£1½

FALLS

ABP	198	−12
Brent Inv.	102	−11
Currys	231	−7
Geers Gross	85	−6
Meyer Int'l	89	−6
NatWest Bank	590	−8
Anvil Petroleum	70	−5
Eglinton O&G	128	−15
De Beers Def.	412	−13
Jo'burg Cons.	£73½	−£2½

Continued on Page 32

LONDON STOCK EXCHANGE

MARKET REPORT

More favourable U.S. pointers trigger tentative rally in leading shares and gilts

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug 6
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

London markets welcomed more favourable U.S. pointers and closed firmer than seemed possible midway through the session. Publication of the latest American consumer price index, which allayed fears that inflation was rising behind the country's continued marked economic recovery, was the reason for the more confident tone. Analysts had been looking for a CPI increase of up to 1.5 per cent after Monday's GNP shock, so the rise of only 0.3 per cent brought much-needed relief.

Leading shares had attempted to rally earlier from the depressed levels of the previous day. Investors, however, were not impressed by Wall Street's final stability and in a slow trade blue chip industrials drifted back to overnight list levels. Following the encouraging afternoon news of U.S. inflationary trends, dealers began raising prices in anticipation of firmer New York values.

The Dow Jones average rose initially, but the later reaction in the measure came too late to affect London sentiment and the FT Industrial Ordinary share index, virtually unaltered at noon, closed 8.2 up at the day's best of 763.5.

Government stocks were also in better heart and the authorities sold the £200m tranche of Treasury 11¾ per cent 2003-07, made available to the market on Monday, at 100½. The buyers of the stock were mainly dealers seeking to close bear positions and operators wanting to switch trading positions. Once the demand was satisfied quotations turned easier before hardening again on the U.S. news.

Longer-dated Gilts finally regained around half of Monday's point losses, but the shorts were less successful and regained only ¼. Index-linked stocks improved by similar amounts.

Life issues rally

Life Insurances rebounded smartly to revived takeover speculation and vague rumours that NatWest could use the proceeds of its £226m fund-raising operation to launch a bid for a life insurance company. Prices seesawed in active two-way trading before buyers gained the upper hand towards the close, with rises ranging to 15. Legal and General closed that much better at 495p as did Prudential, at 485p. Hambro Life gained 13 to 386p and Equity and Law Life touched 658p before closing only the turn dearer at 648p, while Britannic improved 3 to 488p following the interim statement. Among Lloyds Brokers, Hogg Robinson hardened 2 to 183p ahead of Monday's preliminary results.

NatWest encountered sudden mid-season selling pressure and dropped from an 600p to 580p before recovering to close 8 down on balance at 590p. Other clearers became upset and Barclays, still rumoured to be next in the rights issue queue and additionally aggravated by poor interim figures of its National Bank subsidiary, slipped from 445p to close 5 easier at 435p. Lloyds moved between 438p and 425p before closing 5 off at 430p, but Midland, which starts the interim dividend season tomorrow, displayed resilience and finished 3 dearer at 323p, after 318p. Foreign issues were dull. Reflecting the gloomy interim report, Commerzbank lost 30 at 720p. Deutsche fell 2½ points to £81⅞ and Algeme gave up 1⅛ at £67⅞.

Breweries attracted sporadic support after the official close. Whitbread firmed a penny to 163p, after 160p, while Bass recovered from 354p to close unchanged on balance at 357p. Grand Metropolitan, unsettled recently by the abandonment of plans to sell its Liggett and Myers tobacco subsidiary, hardened a couple of pence to 294p.

Building shares put up a rather drab performance. Trading was extremely slow, but occasional offerings saw equities drift easier in places. Among housebuilders, falls of a few pence were recorded in Countryside, 176p, and Barratt Development, 82p. Timbers shares to give ground included Meyer International, 6 lower at 89p, and Magnet and Southerns, 2 off at 110p.

ICI staged a modest revival awaiting tomorrow's half-year figures and closed 4 better at 542p.

Stores irregular

Stores lacked impetus in the absence of institutional interest. A shade firmer at the outset, the leaders failed to attract follow-through support and closed with small mixed movements. An exception was provided by Gussies A which attracted a modest business and firmed 7 to 500p. Woolworth, friendless of late, responded to late demand and hardened a few pence to 415p. Dealers reported exceptionally subdued conditions among secondary issues. Currys, still unsettled by a bearish review from Phillips and Drew, gave up 7 more to 231p, but Dixons rallied from 225p to close only 3 off on balance at 230p. Among the more speculative USM-quoted concerns, French Connection were marked 15 lower at 255p, while Body Shop International eased 5 to 180p.

Comment on the preliminary figures coupled with hopes of early developments in the bid approach, put Security Centres up 25 to 280p. Elsewhere in the Electrical sector, International Signal improved 4 to 192p encouraged by the tenor of the chairman's speech at the annual meeting. Munford and White rose 5 to 90p after preliminary figures, while Unitech, the subject of a recommendation by brokers Earnshaw Haes, improved 10 to 220p. NEI, in contrast, met with occasional selling and gave up 5 at 76p. Among the leaders, Thorn EMI new nil-paid shares were sold down to 12p premium before rallying smartly to close only a penny cheaper on balance at 18p premium.

Leading Engineers traded quietly, but joined in the afternoon improvement. TI closed 6 firmer at 214p and GKN 4 dearer at 160p. The trend in secondary issues, however, was usually easier. John Brown gave up a couple of pence at 23p after the preliminary figures. EMI reacted 3 to 71p and Laird Group a similar amount to 104p. Hallite, awaiting preliminary figures on Friday, gave up 10 at 170p.

Brooke Bond hardened 2 more for a two-day gain of 36 to 103p awaiting further developments in the bid situation following rejection of Tate and Lyle's surprise cash and share-exchange bid; the offer is currently worth 95p per share with Tate and Lyle 3 dearer at 315p. Elsewhere in the Food sector, speculative favourite RHM revived with a gain of 3½ to 83p, while Cadbury Schweppes put on a penny at 116p. Demand ahead of today's annual figures left Dee Corporation 5 up at 485p. Associated Dairies, on the other hand, slipped 4 to 144p and Tesco 3 to 155p, both on lack of support. Amos Hinton declined 7 to 320p and William Morrison gave up 8 at 142p.

Gripperods up again

Leading miscellaneous industrials moved indecisively before closing on a firm note. BTR, 420p, and Glaxo, 835p, both ended 5 dearer, while rises of a couple of pence were recorded in Hanson Trust, 185p, and Beecham, 267p. Reed International, in contrast, came on offer following the chairman's remarks at the annual meeting and closed 12 lower at 404p. Pilkington Bros, the subject of vague bid rumours recently, fell to 245p before rallying to close Gripperods were again the subject of late speculative activity and closed 12 to the good at 185p for a two-day gain of 21. Associated British Ports, however, met with renewed selling aroused by the effects of the prolonged miners' strike and fell 12 more to 126p. Other dull spots included Wm Baird, 7 cheaper at 283p, and Bestobell, 5 lower at 270p. Bowater Industries were quoted at 146p, ex the entitlement to Bowater Incorporated: the latter closed at $15⅛. NMW Computers advanced 15 to 275p on news that Applied Computer Techniques had increased its stake in the company to 6.16 per cent.

Pineapple Dance Studio attracted support in belated response to Press comment and closed 5 better at 82p. The Leisure sector was otherwise lethargic.

BL hardened the turn to 52p as minority shareholders voted overwhelmingly in favour of the pending Jaguar flotation. Leading BL dealers Henlys added a penny to 125p—5 above the rejected offer terms from Midepsa.

Among otherwise idle Paper/Printings, Bunzl improved 5 to 240p following an encouraging circular from brokers Wood Mackenzie. Advertising agents Geers Gross, on the other hand, lacked support and dipped 6 to 85p.

Nottingham Manufacturing remained a sensitive market and eased to 190p before reverting to the overnight level of 192p following conflicting opinions on the interim figures and future prospects. Press reaction was generally uninspiring, but brokers tended to take a favourable view; de Zoete and Bevan, the company's brokers, rate the shares a "long-term buy," while Phillips and Drew also recommend purchases.

Investment Trusts remained dull with Japanese-orientated issues again bearing the brunt. Falls of 7 were noted for New Tokyo, 260p, and Drayton Japan, 290p, while GT Japan closed 5 off at 120p. Among Financials, Brint Investments slumped 11 to 102p following the substantial first-half deficit.

Oils mixed

Leading Oils closed on a mixed note. The majority edged up a few pence in initial dealings following news that other leading petrol retailers had followed Esso's lead in increasing forecourt petroleum prices. However, the early buying interest quickly faded and prices fell back before staging a fresh and generally modest rally in after-hours trading.

At the close BP showed a 4 decline at 433p, after 431p. Shell dipped to a 1984 low of 567p, reflecting persistent fears about North Sea oil prices, before settling only 2 cheaper on balance at 570p. Ultramar lost 5 to 230p. Britoil ended the day a couple of pence down at 215p, but LASMO were finally that amount better at 270p. Ireland's Eglinton remained under a cloud and dropped to around 125p prior to closing a further 15 cheaper at 128p. Bryson, on the other hand, attracted renewed speculative buying and put on 15 to 383p.

Golds steadier

A modest rally in the bullion price prompted a much steadier trend throughout mining markets. The metal price opened firmer around $337 and gradually improved to touch $339.5 in the early afternoon before settling a net $3.75 higher on balance at $339.25 an ounce.

South African Golds mirrored this performance. A steady opening reflected a firmer rand rate against the dollar and encouraged light buying interest from Johannesburg and the Continent. However, share prices turned easier in the late afternoon and the Gold Mines index finally posted a further 2.1 decline at 488.2.

Among the leading heavyweights Hartebeest were an outstanding feature and advanced £1¾ to £45, while Southvaal rose ¾ to £31½ and Kloof ¼ to £29¾. On the other hand, Vaal Reefs and Buffels remained under pressure and fell around ¾ apiece to £70 and £29⅞ respectively. Western Deep Levels dropped ¼ to a 1984 low of £29¼ and St Helena a half-point to £18½. In Platinums, Rustenburg closed 4 up at 648p, after a 1984 low of 636p, ahead of the profits and dividend.

Financials were mixed and generally subdued. South African issues generally lost further ground. "Johnnies" dropped £2¼ to a 1984 low of £73½ and De Beers 13 more to 412p, but "Amgold" bucked the trend and closed a net ½ higher at £69½.

UK-domiciled stocks staged a useful rally in the after-hours' trade. Consolidated Gold Fields ended the day a couple of pence harder at 467p, after 463p, and Rio Tinto-Zinc were finally 3 off at 507p, after a 1984 low of 500p. Charter Consolidated held at 225p for much of the day, but responded to renewed small interest late and edged up 3 to 228p.

Australians put on a reasonably good performance, despite a fresh decline in overnight Sydney and Melbourne markets together with renewed weakness in the Australian currency against the dollar. Golds staged a strong rally, highlighted by Central Norseman which recovered 25 to 250p. Gold Mines of Kalgoorlie put on 15 at 370p. In the leaders, diversified issues CRA and North Broken Hill were both a couple of pence to the good at 278p and 132p. A number of the more speculative stocks remained in the firing line, however, especially Kitchener Mining, which dropped 6 to a year's low of 58p, and Metana Minerals, 4 off at 130p.

Demand for Traded Options continued to improve ahead of today's expiry of the July series. Total contracts amounted to 3,917 comprising 2,063 calls and 1,854 puts. Courtaulds attracted 104 calls and 165 puts awaiting news from the annual meeting, while Commercial Union recorded 248 calls. A lively evenly-balanced business was noted in the FTSE 100 with 415 calls and 401 puts transacted.

FINANCIAL TIMES STOCK INDICES

	July 24	July 23	July 20	July 12	July 12	July 17	year ago
Government Secs	76.09	75.96	76.44	76.24	76.56	76.70	79.62
Fixed Interest	80.66	80.97	80.97	80.98	80.99	81.00	92.74
Industrial Ord.	763.5	755.3	770.2	764.7	762.8	770.0	708.9
Gold Mines	488.2	490.3	500.8	520.5	522.4	537.8	658.5
Ord. Div. Yield	6.20	6.20	6.14	6.10	5.16	5.16	4.64
Earnings, Yld.% (full)	12.21	12.20	11.82	12.04	11.06	11.97	9.02
P/E Ratio (net) (*)	9.83	9.84	10.11	9.98	10.05	10.04	13.81
Total bargains (Est.)	17,220	16,948	17,357	16,838	16,672	18,526	19,864
Equity turnover £m.	—	351.26	250.40	192.46	150.84	182.00	174.23
Equity bargains	—	13,045	12,872	11,486	10,707	12,311	15,800
Shares traded (ml)	—	216.5	164.4	102.0	84.6	94.6	111.9

10 am 758.7. 11 am 757.5. Noon 756.6. 1 pm 756.5. 2 pm 756.3. 3 pm 761.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=6.40.

HIGHS AND LOWS / S.E. ACTIVITY

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.96 (23/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	87.48 (14/6)	80.66 (24/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (5/3)	488.2 (24/7)	734.7 (15/2/83)	43.5 (26/10/71)

	July 23	July 20
Daily Gilt Edged Bargains	156.4	158.0
Equities Bargains	84.8	84.0
Value	607.6	508.5
5-day Average Gilt Edged Bargains	151.4	169.8
Equities Bargains	76.4	76.8
Value	415.2	400.6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3

For rate indications see end of Share Information Service

Stocks favoured for the call included Marks and Spencer, Sangers, Bryson, ICL, TI, Enterprise Oil, Chloride, Eglinton Oil and Gas, Associated Dairies, Barratt Developments, Brunswick Oil, Gomme, Gestetner A, Intervision, Johnson Matthey, North ... Kalgurli, ... Petranol, Atlantic Resources and GRA. A put was struck in AIM, and a double in Barratt Developments.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (5)

CANADIANS (1)
Hollinger
ELECTRICALS (1)
FKI Electricals
FOODS (2)
Brooke Bond, Cullen's Stores
MOTORS (1)
Lookers

NEW LOWS (190)

BRITISH FUNDS (2)
CORPORATION LOANS (2)
FOREIGN BONDS (1)
AMERICANS (5)
CANADIANS (2)
BANKS (8)
BREWERS (2)
BUILDINGS (14)
CHEMICALS (4)
DRAPERY & STORES (11)
ELECTRICALS (13)
ENGINEERING (13)
FOODS (3)
INDUSTRIALS (10)
INSURANCE (7)
LEISURE (1)
MOTORS (3)
NEWSPAPERS (1)
PROPERTY (3)
SOUTH AFRICANS (5)
TEXTILES (4)
TRUSTS (41)
OIL & GAS (8)
OVERSEAS TRADERS (2)
PLANTATIONS (2)
MINES (32)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	3	20
Corpns. and Foreign Bonds	3	7	81
Industrials	127	409	873
Fin. and Props.	30	215	279
Oils	11	50	62
Plantations	[illegible]	[illegible]	[illegible]
Mines	33	56	84
Others	45	101	128
Totals	327	849	1,521

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Brooke Bond	24	101	+24
Shell Transport	16	572	−15
Tate & Lyle	16	312	−20
Grand Met.	15	290	−8
BTR	17	415	−15
ICI	15	538	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Marks & Spencer	14	437	−13
Hanson Trust	13	183	[illegible]
Charter Cons.	13	225	[illegible]
Glaxo	12	830	−15
NatWest Bank	12	598	−16
Racal Electrncs.	12	212	−2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change
Bryson Oil and Gas	383	+15
Eglinton Oil and Gas	125	−15
Equity and Law Life	168	+8
Gripperrods	185	+12
Hartebeest	£45	+1¾
Midland Bank	323	+3
NatWest Bank	590	−8
Rustenburg Platinum	648	+4
Shell Transport	570	−2
Sun Life	648	+1
Thorn EMI Nil Paid	12pm	−1pm

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FIXED INTEREST

LONDON TRADED OPTIONS

July 24. Total Contracts 3,917. Calls 2,063. Puts 1,854.
* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 15,753

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100 11/16	99	Treas 12pc 1984	99 13/16	+1/32	12.01	11.70
105 1/8	101 1/8	Treas. 15pc 1985	101 3/8xd	.....	14.72	11.58
102 1/4	100	Exch. 12pc Cnv. '85	100 1/8	+1/16	11.99	11.67
95 1/4	93 3/16	Treas 3pc 1985	93 1/2	+1/16	3.21	11.45
102 5/8	99 1/2	Treas 11 1/2pc 1985	99 3/4	+1/16	11.53	11.76
99 1/4	96 5/8	Treas 8 3/4pcCnv '85	96 11/16	+1/8	9.05	11.94
104 3/16	99 7/8	Exch. 12 1/4pc 1985	100 1/16	+1/16	12.24	12.09
103 11/16	99 1/16	Exch. 11 3/4pc '86	99 1/4xd	+1/16	11.84	12.30
102 1/4	96 1/16	Treas. 10pcCnv 1986	96 1/4	+1/16	10.39	12.45
90 3/16	88 1/4	Treas 3pc 1986	89 5/8	.....	3.35	9.32
102	96 1/4	Exch. 10 1/2pc Cv '86	97	+1/8	10.82	12.34
104 3/16	99 3/16	Treas 12pc 1986	99 1/8	+1/16	12.08	12.34
98 1/4	93 1/16	Treas 8 1/2pc 1984-86‡‡	93 3/4	+1/16	9.07	12.17
100 11/16	102 1/2	Exch. 14pc 1986	102 11/16	+1/16	13.63	12.54
87 1/8	85	Exch. 2 1/2pc 1986	85 3/8	+1/16	2.93	9.65
107 11/16	100 13/16	Exch. 13 1/4pc 1987	101 1/16	+1/8	13.11	12.50
100 7/8	94 1/2	Treas 10 1/4%Cv '87	94 3/4xd	+1/4	10.82	12.73
86 1/8	83 1/8	Exch 2 1/2pc 1987	83 3/4	-1/4	2.99	9.77
101 3/16	94 1/2	Exch. 10 1/2pc 1987	94 3/4	+1/4	11.08	12.82
92 11/16	87	Funding 6 1/2pc '85-87‡‡	87 1/4	+1/4	7.45	12.02
99 7/8	93 1/16	Treas. 10pc 1987	93 3/4	+1/16	10.72	12.85
85	81 3/16	Treas 3pc 1987	82 1/2	+1/16	3.64	9.95
105	97 3/8	Treas. 12pc 1987	97 3/16	+1/16	12.10	12.88
94 7/8	87 3/16	Treas 7 3/4pc 1985-88‡‡	87 3/4xd	+1/16	8.83	12.11
100 3/4	92 3/16	Exch 10 1/2pc '88	93 1/16	+1/4	11.28	12.84
98 3/16	90 3/16	Treas 9 3/4pc Cv '88	90 3/16	+1/4	10.78	11.05
82	77	Transport 3pc '78-88	77 5/8	+1/16	3.86	10.02
96 5/8	88 1/2	Treas. 9 1/2pc '88	88 11/16	+1/16	10.71	13.02
106 3/4	94 7/8	Treas 11 1/2pc 1989	95 3/16xd	+1/16	12.08	12.93
95 3/16	88 1/8	Treas 9 1/2pc Cnv. '89	88 1/4	+1/8	10.76	12.88
95 1/2	91 1/8	Treas 10 1/2pc 1989	91 5/16	+1/16	11.50	11.94

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100 3/16	89 1/8	Exch. 10pc 1989	89 1/8xd	.....	11.20	12.97
85 3/8	77 1/2	Treas 5pc 1986-89	77 3/8	+1/8	6.54	11.03
112 1/4	100 5/8	Treas 13pc 1990‡‡	100 5/8xd	.....	12.97	12.91
110 7/8	102 1/8	Exch. 12 1/2pc 1990	102 1/8	.....	12.78	13.03
93 1/4	84 3/4	Treas 8 1/4pc 1987-90‡‡	85	+1/8	9.81	12.09
98 1/2	90 5/8	Treas. 10pcCv 1990	92	+1/8	11.41	12.91
107	95 1/4	Treas 11 3/4pc 1991	95 3/8	+1/4	12.38	12.92
84 1/4	75 5/8	Funding 5 3/4pc '87-91‡‡	76	+1/4	7.74	11.33
105 3/4	94 1/8	Exch. 11pc 1991	94 3/8	.....	12.00	12.78
112 5/8	99 3/8	Treas 12 3/4pc 1992‡‡	99 3/8	+1/4	12.81	12.84
100 5/8	86 1/8	Treas 10pc 1992	86 1/2xd	+1/4	11.46	12.67
111 1/4	95 3/4	Exch. 12 1/4pc '92	95 3/4xd	.....	12.66	12.92
117 1/2	106 1/4	Exch 11 1/2pc 1992	106 1/4	-1/4	13.22	13.04
113 3/4	98 3/4	Treas 12 1/2pc 1993‡‡	98 7/8xd	+1/4	12.69	12.78
78 3/4	71 1/2	Funding 6pc 1993‡‡	71 1/4	+1/4	8.65	11.50

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS — 3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX 01 236 1833

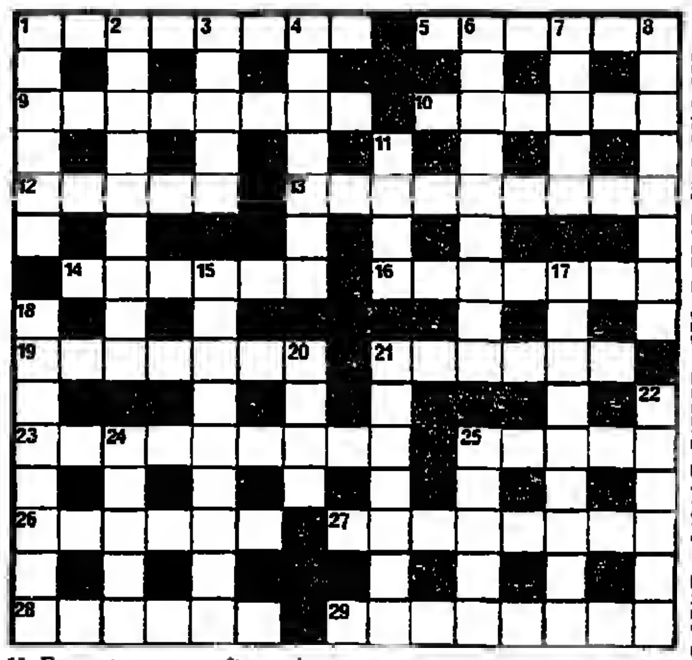
High Income				
Gilts & Fixed Int	108.4	114.7	−0.2	10.46
High Inc Equity	57.5	61.2	−0.4	7.01
Capital Growth				
American Growth	95.4	101.5	−0.5	1.09
Assets & Emgs. It	55.7	59.0	−0.6	3.42
Capital Reserve	51.8	55.1	−0.1	0.01
Commodity & Engy	[illegible]	98.1	−0.7	3.38
General	81.6	87.1	−1.5	1.11
Japan	119.7	128.0	−0.7	0.21
UK Growth	51.0	51.0	−0.5	2.98
Acc Units	28.1	29.9	−0.6	2.98
U.S. Emerging Co's	47.0	50.0	−0.2	0.52
Worldwide Bond	142.0	151.1	−0.3	3.64
Equitas Prog	122.2	128.6	−1.8	4.12

Aitken Hume
30, City Road, EC1Y 2AY 01-620 6626

American Tech Fd	104.6	112.0	−0.4	0.20
Inc & Gwth Fd	[illegible]	13.88	−3.4	4.85
Pacific Fd	115.1	121.2	−0.3	0.30
Secured Income Fd	111.5	119.4	−0.5	6.32
Special Sits	137.4	142.0	−6.0	1.56
Energy Fd	36.3	38.9	−1.1	0.60
American Majors	47.4	50.2	...	2.00
Small Co's Fd	236.9	253.5	−6.5	1.97
Jap Technology	49.0	52.5	...	0.20

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,474



ACROSS

1 Conifers oddly suited to the court (8)
5 Joke associated with bad breath? (6)
9 Indecision shows us soft in reason (8)
10 This singer, given a chance, could win a fortune (6)
12 Former French island Napoleon went into (5)
13 Cigars, ale and possibly port (9)
14 Gift for producing story book in abbreviated form (6)
16 Excess weight? It's his danger (7)
19 One star turn nobody applauds (7)
21 A model employer (6)
23 Formerly a wild Welsh rite (9)
25 Rita's out of step (5)
26 Slip back into the gun room (6)
27 Become less stupid in his form (8)
28 Play for the village (6)
29 The area isn't developed well (8)

DOWN

1 Tie for which the Football Association need nets put up (6)
2 Its curate is about to take up a country living (9)
3 Her father's in the pop business (5)
4 A second coffee maybe (7)
6 Difficult to make love other than on the grass (4, 5)
7 It dies at the end of three months (5)
8 Nevertheless, netting first and last service (8)
11 Eager to go up after a key (4)
15 Neither here nor there (9)
17 Opera repeated in turn by conductor (9)
18 Ultimately how all the details came out on the psychiatrist's couch (2, 6)
20 An elevating Kipling poem of unaffected simplicity (4)
21 A row about the Spanish drawing-room (7)
22 A ragged child may be an old city feature (6)
24 Play with spirit on the street (5)
25 Musical chairs (5)

Solution to Puzzle No. 5,473

هكذا صدر الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01 440 8210
Fund Managers, Touche Remnant & Co.

Sel Sn. 4	21.8	25.1	.....	—
Blue Chip	18.3	10.3	.....	—
Fixed Yield	[illegible]	10.8	.....	—
Guaranteed Mny	15.4	[illegible]	.....	—
Managed	17.2	18.2	.....	—
International	21.1	24.4	.....	—
Property	14.8	15.6	.....	—
Pacific	11.5	13.5	.....	—
Equity	13.4	74.2	.....	—
Special Sits	19.6	20.7	.....	—
Int Currency	13.3	14.1	.....	—
Index Linked Secs	10.5	11.1	.....	—
American	16.7	17.6	.....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.77	.....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

[illegible]

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	166.1	173.1	-1.0	—
UK Equity	[illegible]	179	[illegible]	—
Overseas Eq.	157.6	165.4	-1.1	—
Americas	164.1	177.0	-1.4	—
Far East	140.1	147.6	-0.9	—
Property	100.4	115.2	-0.1	—
Fixed Int	146.5	154.3	-0.2	—
Indexed Gilt	94.1	99.1	-0.1	—
Deposit	110.7	116.6	+0.1	—

Pension Fund Prices

Man. Initial	162.4	171.0	-1.1	—
Man Acc.	177.9	187.7	-1.1	—
UK Eq. Initial	[illegible]	165.6	-2.7	—
UK Eq.	172.2	179.3	-1.0	—
Overseas Eq. Initial	178.5	187.9	-1.3	—
Overseas Eq.	201.7	212.4	-1.4	—
Americas Initial	174.5	183.7	-1.5	—
Americas	189.1	199.1	-1.7	—
Far East Initial	184.6	194.4	-0.4	—
Far East	200.6	211.2	-0.5	—
Prop. Initial	104.7	110.3	-0.1	—
Prop	117.5	119.5	-0.1	—
Fixed Int. Initial	129.2	136.0	-0.3	—
Fixed Int.	139.7	147.1	-0.4	—
Indexed Gilt Initial	89.7	94.0	-0.3	—
Indexed Gilt	96.9	102.0	-0.2	—
Deposit Initial	109.2	115.0	.....	—
Deposit	110.8	125.1	.....	—

NPI Pensions Management Ltd.

Managed Fund	459.2	471.0	.....	—

Prices June 29. Next dealing August 1.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	316.8	325.8	.....	—
UK Equity	137.4	144.7	-0.4	—
American	229.1	241.2	-1.3	—
Pacific	309.1	326.1	-5.9	—
Property	140.4	[illegible]	.....	—
Gilt	168.1	177.0	+0.4	—
High Inc. Equity	127.9	[illegible]	-0.5	—
High Inc. Fxd. Int.	96.3	[illegible]	.....	—
Deposit	146.2	153.9	+0.1	—
Index-Linked Gilt	97.9	103.0	+0.2	—

Norwich Union Insurance Group

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$10.76	-0.13	—

Inv Adv M & G Inv Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM 0624 25015

Wren Com Fund	[illegible]	[illegible]	.....	[illegible]
Chinese Fund	59.9	62.0	.....	1.70
Precious Metal Fund	121.9	129.0	.....	0.90
Vanguard Cmdy Fd	27.5	28.3	.....	2.20
Financial Futures Fd.	52.6	54.5	.....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		$8.29	-0.15	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd.	11.63	12.17	Qtr	Call
The Money Market Trust 63 Qn Victoria St, EC4M 4ST. 01-236 0952				
Call Fnd	11.70	12.08	6-mth	Call
7-day Fnd	11.19	11.54	6-mth	7-day
Oppenheimer Money Management Ltd 60 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	11.81	12.15	6-mth	Call
7-day Fund	11.50	11.92	6-mth	7-day
Money Mngt. Accs.	11.75	12.28	3-mth	Call
Dollar	10.12	10.17	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.125	11.60	Qtr	Call
Monthly Acc	11.0	11.57	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc	11.15	11.74	Mthl	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	11.46	Qtr	Call
Britannia Grp of Investment Companies 20 Finsbury Circus, EC2M 5QL 01-588 2777				
Cater Allen	11.75	12.40	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01-248 3999				
Sterling	11.5	12.11	Mthl	Call
U.S. Dollar	11.0	11.73	Mthl	Call
German Marks	4.50	4.66	Mthl	Call
Swiss francs	1.0	1.019	Mthl	Call
Japanese yen	5.00	5.19	Mthl	Call

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

India to quit world tea promotion association

By Our Commodities Editor

INDIA HAD decided to withdraw from the International Tea Promotion Association, Mr Nihar Ranjan Laskar, Minister of State for Commerce, said yesterday, Reuter reported.

He told the Indian parliament in New Delhi that the association had made little progress and had ceased to be representative of tea producers following the withdrawal of Sri Lanka and the failure of China or Argentina to join.

India's decision to withdraw, announced while the association was meeting at its headquarters in Rotterdam, means that Bangladesh and Kenya only are left as members.

Since India is understood to have contributed 40 per cent of the total funds, the association faces a bleak future.

The association's demise will not effect the promotional activities of national tea councils in main consuming areas such as Britain, Canada and the U.S.

The association's main objective was to promote tea in countries where demand was poor and had potential for expansion, rather than defending existing market-share, as in Britain.

Meanwhile it is understood that the informal talks between India, Kenya and Sri Lanka in Geneva last week failed to make any progress on preparing the way for negotiations on a proposed new International Tea Agreement between leading exporting and importing countries.

● India was likely this year to produce 630m kg of tea, comprising 440m kg of CTC and 190m kg of orthodox variety, the Government said in New Delhi.

Measures to boost EEC beef market prepared

BY RICHARD MOONEY

MEASURES AIMED at boosting the sagging European Economic Community beef market are to be considered at this week's beef management committee meeting in Brussels, M Claude Villain, the European Commission's agriculture director, confirmed yesterday.

A surge in cow slaughterings following the imposition of dairy production quotas in April has added to the market's depression in recent months. In the past few weeks British producers' total returns have been 3p or 4p a kilo below what they were obtaining last year.

Friday's management committee meeting is expected to approve extensions in intervention and private storage arrangements which will help to take some of the slack out of the market.

Intervention purchases are likely to be introduced from the middle of next month—about two months earlier than usual—and will probably be extended to include whole carcases and hind-quarters instead of just fore-quarters.

In addition, private storage aids are expected to be introduced which may be available for longer than the usual six months so as to keep surplus supplies off the market until early next year, by which time the worst of the slaughterings bulge should be over.

No action is expected yet on suggestions for cheap beef sales to schools and institutions and bigger export refunds on female carcases. These measures, however, with intervention-buying of heifers, may be introduced later if the action expected this week does not have the desired effect.

"We have been pressing for improvements to the intervention scheme as a back up to the variable premium scheme," a National Farmers Union official said yesterday.

The variable premium is designed to bridge the gap between UK market prices and EEC target prices. The recent shortfall in British producers' returns has resulted from a 20 pe cent cut in the maximum premium agreed by EEC farm ministers in March as part of a general cost-cutting exercise.

The beef industry's current problems were not short-term, the NFU official said. "If the market remains weak we will press for further support measures."

He said it might take 18 months to clear excess beef production caused by the imposition of dairy quotas but once this surplus was cleared, supply and demand should be in better balance.

A significant proportion of the beef-fattening herd consists of bull calves from the dairy herd. So a cut in the dairy herd must eventually result i ns reduction in beef production.

Wine industry reform proposed

BRUSSELS—Some sweeping reform of the European Community's wine sector to help drain the current 3.2bn-litre (704m-gallon) surplus wine lake, were proposed by the European Commission yesterday.

M Claude Villain, the EEC agriculture director, said the commission would press member-states to freeze producer prices for wine until the surplus could be reduced to 1.2bn litres (264m gallons, or 10 per cent of current table-wine production.

Wine producers would be paid a bonus for pulling up vines. Their right to replant would be restricted.

M Villain said the commission had stopped short of recommending quotas for wine production, like those imposed on milk producers earlier this year, which heavily penalise excess production.

Farmers who have boosted output of low-quality, low-strength table-wines recently to take unfair advantage of the Community's virtually unlimited price guarantees would find restrictions imposed in future.

M Villain, recalling vandalism in 1982 by angry wine-producers in southern France, of imported wine from Italy and Spain, said measures were needed to avoid law and order problems in wine-growing areas this summer.

About 1.5bn to 1.7bn litres (330m to 374m gallons) of surplus wine now being stored by producers would be distilled into industrial alcohol by the Community at a cost of $100m (£76m) this year and a further $100m next year, he said.

Diplomats noted that distillation of this wine would do little to support the market for it had been withdrawn from sale already and stored with the aid of Community subsidies.

Reuter

Aluminium output to be reduced

By John Edwards, Commodities Editor

A CUT in aluminium production to stop an excessive inventory build-up was announced yesterday by Reynolds Metals, a leading U.S. producer. The company said it would temporarily close two 25,000-short ton production lines at its Oregon reduction plant.

The cut means Reynolds will operate at 86 per cent of its North American production capacity. The decision follows moves by North American and European producers recently to try to halt the rise in world stocks that has brought a sharp drop in prices this year.

The news helped steady aluminium prices on the London Metal Exchange yesterday while other base metals lost ground, reflecting the stronger trend in sterling against the dollar.

● BRITISH LANDOWNERS were urged yesterday, by their national association leader, to seriously consider requests from dairying tenants to be allowed to take the golden handshake offered by the Government for giving up milk production.

Mr Peter Giffard, Country Landowners Association president, said consent should be withheld for a responsible reason only, even though it could mean permanent loss of permitted production quotas for farms concerned. Landlords and tenants should be aware of each other's problems following imposition of dairy quotas, he said.

● THE POTATO target area in the UK for next year has been set at 161,000 hectares for the third successive year. As usual the release of quota will be phased in the light of evidence of trends over the next four months, starting with 158,000 hectares.

Turnround in edible oils prices gains momentum

BY A SPECIAL CORRESPONDENT

THE UNUSUAL combination of simultaneous shortages of both soyabean and palm oil last year pushed edible oil prices to the highest level for a decade.

It was generally predicted that supplies would remain scarce well into the next (1984-85) season starting in October. That view, however, has changed radically in the past two months.

Contrary to even the most optimistic trade forecasts, palm oil production in Malaysia has recovered strongly, moving well above last year's levels and with the peak output months yet to come.

With large European Economic Community crops of rapeseed, increased soyabean plantings in the U.S. and falling demand for edible oils in Europe and Japan, importers have been able to push down prices with considerable success.

For example, this month Pakistan was able to buy palm oil at the knock-down price of $575 a tonne for August delivery, whereas only a month ago it would have been expected that the price would be well above $650.

The first signs that palm-oil output forecasts might have to be raised came a few weeks ago when the Malaysian Palm Oil Registration and Licensing Authority confirmed trade reports of a steep increase in May output.

At 315,000 tonnes this was up by 87,500 tonnes on the corresponding month last year and exceeded the May figure set for record-breaking 1982. Origin reports now suggest a further steep rise in June over levels a year ago, with some traders estimating output at 340,000 tonnes.

Monthly production figures in excess of 400,000 tonnes in the late summer are now a clear possibility, demonstrating the speed with which the plantations have revived from a series of disasters.

One of these was the stress caused by introduction of the pollinating weevil, though nature also took a hand with droughts and floods.

Because output is reviving faster than expected, origin palm-oil refiners have found themselves in an undersold situation. Unable to finance the storage of surplus palm products as their counterparts in the U.S. soya oil industry do, they have been forced to offload ever-cheaper cargoes to traditional buyers.

On the European market crude palm-oil prices have halved from peak $1,000-and-more a tonne levels, reached in May, leaving soya oil no alternative but to follow, in spite of warnings that supplies would run out before the new crop in October.

Another bumper crop of European Community rapeseed seems likely to continue to curb demand for U.S. soyabeans, particularly in the UK, where rape is now leading vegetable oil output.

European fats and oils have also been depressed by unexpectedly large crops of sunflower in Spain. These will find their way increasingly on to export markets.

Traders note that price spreads between old- and new-crop vegetable oil supplies have narrowed sharply, a sure sign the market hopes to eke out supplies for the rest of the summer.

Barring some unexpected bad weather in the U.S. the worst of the vegetable oil shortage could well be over.

● World oilseeds markets are more volatile than ever, according to this month's issue of a new bulletin on oils and oilseeds issued by Landell Mills Commodities Studies, an economics consultancy based in London.

In the year to this June the vegetable oils price index compiled by Landell Mills Commodities jumped 76 per cent over the comparable 1982-83 period.

The bulletin notes that the vegetable oils market lived with supply surpluses and increasing carryover stocks before 1983. Then, however, supplies dipped and for the past 14 months prices have trended sharply upwards until now.

Though edible oil stocks are sharply down compared with a year ago, justifying the rise in prices, slack demand for oilseed meals has eased the seeds stock situation.

INDIA'S EDIBLE oil imports were likely to be a record 1.21m tonnes in the current year ending in October, up from 980,000 tonnes last year and the previous record of 1.02m tonnes in 1981-82, Mr M. C. Sanjeevi Rao, Deputy Minister of Food and Civil Supplies, said.

He said India imported soyabean oil from the U.S., Brazil and Europe, rapeseed oil from Canada and Europe, and palm oil and palmolein from Malaysia and Indonesia.

A domestic shortage of coconut oil had forced India to sign its first import contract of 10,000 tonnes of coconut oil from the Philippines this year.

PRICE CHANGES

in tonnes unless stated otherwise	July 24 1984	+ or —	Month ago
Metals			
Aluminium	£1100		£1100
Free Mkt	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

	July 24 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1350y		$1250
Groundnut	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

BRITISH COMMODITY PRICES

BASE METALS

BASE METAL PRICES were easier following the rise in sterling. Copper dipped to £1,033 in early trading but rallied to £1,036 on a better than expected opening on Comex. However, renew strength in the pound left the price at [illegible]

COPPER

[illegible]	[illegible]	[illegible]	[illegible]

TIN

[illegible]	[illegible]	[illegible]	[illegible]

LEAD

[illegible]	[illegible]	[illegible]	[illegible]

ZINC

[illegible]	[illegible]	[illegible]	[illegible]

ALUMINIUM

[illegible]	[illegible]	[illegible]	[illegible]

NICKEL

[illegible]	[illegible]	[illegible]	[illegible]

SILVER

Silver was fixed 2.65p an ounce lower for spot delivery in the London bullion market yesterday at 542.3p. U.S. cent equivalents of the fixing levels were: spot 715.3c, down 4.3c; three-month 738.3c, down 4.3c; six- [illegible]

[illegible]	[illegible]	[illegible]	[illegible]

WEEKLY METALS

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

Sales: 2,848 (2,681) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for July 23: Comp. daily 1979 140.79 (140.10). 15-day average 141.83 (142.05).

GRAINS

The markets gradually eased through- [illegible]

[illegible]	[illegible]	[illegible]	[illegible]

PIGMEAT

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

White sugar $152.50, up $2.50. The market rose $2 following news that Egypt had purchased some 78,000 tonnes of whites around $173.00 per tonne c and f, reports C. Czarnikow.

No. 8 Contract	Yest'day's close	Previous close	Business done
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

HIDES

[illegible]

MEAT/FISH

[illegible]

LONDON OIL

SPOT PRICES

	Latest	Change + or —
[illegible]	[illegible]	[illegible]

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

GOLD MARKETS

Gold rose $3½ to $339-339½ on the London bullion market yesterday. The metal opened at $338½-339½ and was fixed at $337½ in the morning and $338½ in the afternoon. It touched a low of $337-337½, and a peak of $339½-340½.

In Paris the 12½ kilo bar was fixed at FFr 96,500 per kilo ($339.64 per ounce) in the afternoon, compared with FFr 96,200 ($335.46) in the morning, and FFr 95,100 ($335.97) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,380 per kilo ($338.99 per ounce), against DM 31,040 ($336.33) previously, and closed at $338½-339, compared with $334½-335½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $338.25, against $333.0.

In Zurich gold finished at $338½-339, compared with $334½-335½.

LONDON FUTURES

Month	Yest'day's close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

	July 24		July 23	
Gold Bullion (fine ounce)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold and Platinum Coins July 24				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN MARKETS

ROTTERDAM, July 24.

[illegible]

AMERICAN MARKETS

NEW YORK, July 24

Precious metals traded in a tight range but closed slightly lower reflecting currency movements, reports Heinold Commodities. Copper and aluminium were under light pressure from the decline in U.S. durable goods orders. Sugar showed modest gains [illegible] renewed long liquidation. Coffee registered sharp losses on the lack of damaging weather in Brazil. Heating oil came under pressure date in the session on continued good cash availability. Cotton showed light gains in response to an oversold condition. The grain complex was mixed with maize showing sharp [illegible]

NEW YORK

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar loses ground

The dollar finished on a weaker note yesterday, closing below Monday's levels in London. After a firmer start there had been a slight softening as the dollar failed to breach a level of DM 2.8820 against the D-Mark. Several efforts to push the dollar beyond this rate proved unsuccessful and news later in the day of a fall in U.S. Durable Goods orders prompted a degree of profit taking.

The market had been looking for a rise of between 1 per cent and 2 per cent and was greeted with a fall of 3.2 per cent. Despite the seasonally unreliable nature of this statistic, the market took the opportunity to push the dollar down a little. Consumer prices were in line with expectations however and despite its setback, the dollar retained a firm undertone. There were suggestions that the current level of U.S. interest rates was already accommodating a lot of bearish factors and that a sharp impetus would be required to see rates significantly higher. Mr Volcker's testimony before the Senate banking committee today is not expected to provide any such impetus.

The dollar closed at DM 2.8680 down from DM 2.8750 and SwFr 2.4370 from SwFr 2.4410. It was also down against the yen at Y246.0 from Y246.90 and FFr 8.7950 compared with FFr 8.8275. On Bank of England figures, the dollar trade-weighted index fell from 137.9 to 137.5.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3065. June average 1.3773. Trade-weighted index 79.0 from 78.9 at noon and 78.8 in the morning and compared with 78.9 on Monday and 81.6 six months ago.

Sterling benefited from the dollar weaker trend to finish at $1.3240-1.3250, a rise of 55 points from Monday's close in London. It was also higher against the D-mark at DM 3.80 compared with DM 3.79 and SwFr 3.2275 from SwFr 3.2075. It was unchanged against the yen at Y325.75 but rose against the French franc to FFr 11.65 from FFr 11.6350.

D-MARK — Trading range against the dollar in 1984 is 2.8760 to 2.5535. June average 2.7393. Trade-weighted index 124.1 against 123.0 six months ago.

The D-mark showed a weaker tone at the Frankfurt fixing, gaining ground against only the Swiss franc, which was fixed at DM 1.1783 compared with DM 1.1791 previously. The dollar was fixed at its highest level for 11½ years at DM 2.8791 against DM 2.8705. Dealers said the U.S. currency remained underpinned by indications of fast economic growth in the U.S. and forecasts of higher interest rates. It improved from an opening level of DM 2.8677, but was below Moody's peak of DM 2.8820. The Bundesbank sold $35.9m at the fixing, compared with $51.9m on Monday, as the dollar rose to its highest point at any fix since February 22 1973. An unexpectedly sharp rise in U.S. second quarter gross national product led to good demand for the dollar, although yesterday's figure on durable goods was disappointing, and consumer prices were as anticipated.

Sterling continued to recover, rising to DM 3.7990 from DM 3.7880 at the fixing. Within the EMS the Dutch guilder improved to DM 88.615 per 100 guilders from DM 88.590; the French franc to DM 32.590 per 100 francs from DM 32.585; and the Belgian franc to DM 4.9500 per 100 francs from DM 4.9410. The lira was unchanged at DM 1.6290 per 1,000 lira.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.3316	+0.96	+0.49	±1.5447
Danish Krone	8.14104	8.18481	+0.54	+0.49	±1.6425
German D-Mark	2.24184	2.23383	−0.04	−0.01	±1.0642
French Franc	6.87456	6.87732	−0.04	−0.01	±1.4052
Dutch Guilder	2.52595	2.52916	+0.13	+0.08	±1.4964
Irish Punt	0.72569	0.726303	+0.50	+0.46	±1.6699
Italian Lira	1403.49	1374.96	−2.03	−2.03	±4.1506

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York latest

	July 24	Prev. close
Spot	$1.3205-3235	$1.3200-3210
1 month	0.09-0.06 pm	0.07-0.05 pm
3 months	0.04 pm-par	0.01-0.04 dis
12 months	1.30-1.45 dis	1.55-1.65 dis

OTHER CURRENCIES

July 24	£	$		£ Note Rates
Argentina Peso	76.27-76.42	57.72-57.78	Austria	26.50-26.80
Australia Dollar	1.6010-1.6040	1.2110-1.2120	Belgium	76.60-77.60
Brazil Cruzeiro	3,471.2-3,485.0	2,670-2,679	Denmark	13.81-13.95
Finland Markka	8.0000-8.0250	6.0500-6.0650	France	11.62-11.74
Greek Drachma	149.25-149.65	112.15-113.45	Germany	3.78-3.81
Hong Kong Dollar	10.35½-10.36¼	7.8450-7.8500	Italy	2315-2345
Iran Rial	110.40*	83.55*	Japan	322-328
Kuwait Dinar(KD)	0.38535-0.3865	0.2992-0.2994	Netherlands	4.27-4.31
Luxembourg Fr	76.70-76.80	57.95-58.00	Norway	10.90-11.00
Malaysia Dollar	3.1040-3.1100	2.3435-2.3560	Portugal	192-202
New Zealand Dlr	2.6645-2.6695	2.0170-2.0210	Spain	207-215½
Saudi Arab. Riyal	4.6385-4.6465	3.5110-3.5150	Sweden	10.97-11.08
Singapore Dollar	2.8425-2.8485	2.1545-2.1560	Switzerland	3.22-3.25
Sth African Rand	2.0850-2.0950	1.5875-1.5900	United States	1.31-1.33
U.A.E. Dirham	4.8535-4.8615	3.6720-3.6750	Yugoslavia	193-203

* Selling rates.

CURRENCY MOVEMENTS

July 24	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.0	−11.4
U.S. dollar	137.5	+24.7
Canadian dollar	88.7	−4.2
Austrian schilling	114.6	+3.7
Belgian franc	90.0	−10.5
Danish Kroner	77.6	−8.7
Deutsche mark	124.1	+7.5
Swiss franc	140.6	+7.5
Guilder	113.4	+3.2
French franc	66.4	−15.5
Lira	48.2	−13.1
Yen	152.8	+8.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.782226	0.589646
U.S. $	9	1.01507	0.777602
Canadian $	13.34	[illegible]	1.02655
Austria Sch	4½	18.5217	15.7194
Belgian Fr	11	59.0771	45.2636
Danish Kr	7	10.5760	8.18481
D mark	4½	2.88340	2.24085
Guilder	5	[illegible]	2.52916
French Fr	9½	[illegible]	6.87732
Lira	16	1794.90	1374.96
Yen	5	249.910	191.894
Norwgn Kr	8	8.43859	6.45770
Spanish Pta	—	158.104	126.564
Swedish Kr	8½	8.47875	6.50283
Swiss Fr	4	2.46678	1.90771
Greek Dr'ch	20½	113.613	86.0926
Irish Punt	12½	0.951777	0.729303

*CS/SDR rate for July 23: 1.34602.

THE POUND SPOT AND FORWARD

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3170-1.3250	1.3240-1.3250	0.10-0.05c pm	0.68	0.05 pm-par	0.07
Canada	1.7430-1.7495	1.7450-1.7460	0.05c pm-0.03 dis	0.17	0.15-0.30dis	−0.52
Nethlnd.	4.29½-4.30½	4.29½-4.29½	2¼-2c pm	6.29	6¼-5¾ pm	5.60
Belgium	76.95-77.00	76.70-76.85	8-1c pm	0.70	13-4 pm	0.44
Denmark	13.78½-13.91½	13.90½-13.91½	1.00-0.80ore pm	1.15	2.25-2.50 pm	0.88
Ireland	1.2325-1.2370	1.2330-1.2340	0.05p pm-0.08 dis	−0.14	0.11-0.29dis	−0.65
W. Ger.	3.78½-3.80½	3.79½-3.80½	2½-2pf pm	6.91	6-5½ pm	6.12
Portugal	196.45-203.95	197.15-202.60	150-450c dis	−18.15	425-1000dis	−14.25
Spain	214.35-215.30	214.85-215.05	25-50c dis	−2.09	120-165 dis	−2.66
Italy	2,326-2,336½	2,329-2,331	4-8 lire dis	−2.09	21-25 dis	−3.95
Norway	10.94-10.98	10.96-10.99	0.70-1.30ore dis	−1.12	1.40-2.05dis	−0.63
France	11.62½-11.67½	11.64½-11.65½	½c pm-½ dis	0.26	par-1½ dis	−0.21
Sweden	11.01-11.06	11.05-11.06	1.75-2.40ore dis	−2.25	5.85-6.25dis	−1.91
Japan	324½-326½	325½-326½	1.80-1.69y pm	6.41	4.05-4.05 pm	5.29
Austria	26.56-26.75	26.69-26.74	13½-12½gro pm	5.84	37-30½ pm	5.29
Switz.	3.21½-3.24	3.22½-3.23½	2½-1½c pm	7.87	5½-5½ pm	7.05

Belgian rate is for convertible francs. Financial franc 77.45-77.55. Six-month forward dollar 0.30-0.40c dis. 12-month 1.25-1.35c dis.

THE DOLLAR SPOT AND FORWARD

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3170-1.3250	1.3240-1.3250	0.10-0.05c pm	0.68	0.05 pm-par	0.07
Ireland†	1.0685-1.0740	1.0730-1.0740	0.09-0.06c pm	0.84	0.23-0.27 pm	0.82
Canada	1.3185-1.3225	1.3190-1.3195	0.05-0.07c dis	−0.54	0.21-0.24dis	−0.68
Nethlnd.	3.2370-3.2610	3.2390-3.2390	1.51-1.45c pm	5.57	4.48-4.43 pm	5.46
Belgium	57.95-58.25	57.86-58.00	2c pm-par	0.21	9½-8½ pm	0.56
Denmark	10.49-10.52½	10.49½-10.49½	1.30-0.90ore pm	1.20	9.00-2.50 pm	1.05
W. Ger.	2.8665-2.8815	2.8675-2.8685	1.56-1.51pf pm	6.41	4.44-4.39 pm	6.14
Portugal	149-154	149½-152½	125-350c dis	−13.97	325-750dis	−14.24
Spain	162.15-162.75	162.20-162.30	30-90c dis	−2.82	80-115 dis	−2.54
Italy	1,758½-1,766	1,758½-1,759½	5-5½ lire dis	−3.58	16½-17½ dis	−3.80
Norway	8.28½-8.29½	8.28½-8.29½	0.45-0.55ore dis	−1.01	0.80-1.30dis	−0.51
France	8.7925-8.8425	8.7925-8.7975	par-0.15c dis	−0.10	0.40-0.50 dis	−0.07
Sweden	8.33½-8.35½	8.34½-8.35	1.25-1.75ore dis	−2.16	2.45-2.95dis	−1.28
Japan	245.60-246.50	245.95-246.05	1.21-1.17y pm	5.80	3.43-3.38 pm	5.55
Austria	20.13-20.22	20.15-20.16	5.80-5.30gro pm	3.09	27-25 pm	5.12
Switz.	2.4330-2.4420	2.4365-2.4375	1.41-1.37c pm	6.90	4.28-4.24 pm	6.95

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.50-58.55.

EXCHANGE CROSS RATES

July 24	Pound St'rling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.325	3.800	326.8	11.65	3.228	4.288	2330.	1.746	76.75
U.S. Dollar	0.755	1.	2.868	246.0	8.795	2.437	3.230	1759.	1.319	57.92
Deutschemark	0.263	0.349	1.	85.72	3.066	0.849	1.128	613.2	0.460	20.20
Japanese Yen 1,000	3.070	4.066	11.67	1000.	35.76	9.908	13.16	7153.	5.358	235.7
French Franc 10	0.858	1.137	3.262	279.8	10.	2.770	3.680	2000	1.498	65.90
Swiss Franc	0.310	0.415	1.177	100.9	3.610	1.	1.328	721.9	0.541	23.79
Dutch Guilder	0.233	0.309	0.886	75.98	2.717	0.753	1.	543.4	0.407	17.91
Italian Lira 1,000	0.429	0.568	1.631	139.8	5.000	1.385	1.840	1000.	0.749	32.95
Canadian Dollar	0.573	0.759	2.177	186.6	6.674	1.848	2.456	1335.	1.	43.96
Belgian Franc 100	1.303	1.725	4.950	424.8	15.17	4.204	5.585	3035.	2.274	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	12⅛-12⅜	11⅛-11¼	11⅛-11⅝	5¾-8⅞	1-1¼	5⁹⁄₁₆-5⁹⁄₁₆	11⅛-11⅝	14½-16½	11-11½	11-11½	6⁹⁄₁₆-6⁹⁄₁₆	10⅝-15⅞
7 days' notice	12⅛-12⅜	11¼-11⅝	11⅝-11⅞	5⅞-6⁵⁄₁₆	2-2¼	5⅛-5¼	11¼-11⅛	13¼-14¾	11-11½	11½-11¾	5⅛-6¼	15¼-15¾
Month	12¼-12⅜	11⁷⁄₁₆-11⁹⁄₁₆	12-12⅛	5⅛-5¼	4⁷⁄₁₆-4⁹⁄₁₆	5⅜-5⁷⁄₁₆	11⅜-11⅝	14¾-15¼	11¼-11¾	11½-11¾	5⅛-8¼	15¾-11¼
Three months	12⅛-12¼	11⅞-12	12⅝-12¹¹⁄₁₆	6⁷⁄₁₆-6⁹⁄₁₆	4⁷⁄₁₆-4⁹⁄₁₆	5¾-5⅞	11⅞-12⅛	15⅝-16⅛	11⅝-11⅞	11⅝-11⅞	5⁹⁄₁₆-5⁹⁄₁₆	11⅝-11⅞
Six months	12⁷⁄₁₆-12⁹⁄₁₆	12½-12⅝	13¼-13⁷⁄₁₆	6¾-6⅞	5-5⅛	6¼-6⅜	12⅞-13⅛	16⅛-16⅞	11¾-12¼	11¾-12	6⅜-6½	11⅝-12⅛
One year	12⁷⁄₁₆-12⁹⁄₁₆	13-13⅛	13½-13¹¹⁄₁₆	7-7⅛	4⁷⁄₁₆-5⁹⁄₁₆	6⁷⁄₁₆-6⅝	13⅞-14⅛	17⅛-17⅝	12¼-12⅞	12-12¼	5½-6⅝	11⅞-12⅝

Asian $ (closing rates in Singapore): Short-term 11⁹⁄₁₆-11⁷⁄₁₆ per cent; seven days 11⁷⁄₁₆-11⁹⁄₁₆ per cent; one month 11⁹⁄₁₆-11¹¹⁄₁₆ per cent; three months 12-12⅛ per cent; six months 12⅝-12¾ per cent; one year 13⅛-13¼ per cent. Long-term Eurodollars: two years 13¾-14 per cent; three years 13⅞-14⅛ per cent; four years 14-14¼ per cent; five years 14⅛-14⅜ per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates show little overall change

UK interest rates showed only small changes in London yesterday in a rather lacklustre market. There was a very small shift in the yield curve as longer dates registered the only upward movement of the day while shorter term rates were virtually unchanged. There appeared to be little incentive in the absence of fresh factors although the underlying strength of the dollar and U.S. interest rates continued to exert a note of caution at the longer end.

One year interbank money was quoted at 12-12⅛ per cent compared with 11⅞-12⅛ per cent while the three-month rate stood at 12⅛-12¼ per cent against 12-12⅛ per cent. Three-month eligible bank bills were bid at 11²³⁄₃₂ per cent from 11²¹⁄₃₂-11²³⁄₃₂ per cent. Overnight interbank money opened at 12⅛-12⅜ per cent and eased to 11½-11¾ per cent before slipping away after the second assistance to 10 per cent.

The Bank of England forecast a shortage of around £50m with factors affecting the market *including maturing assistance* and a take up of Treasury bills together draining £238m and banks' balances brought forward below target accounting for a further £70m. These were largely offset by Exchequer transactions which added £225m and a fall in the note circulation of £35m.

Assistance given in the morning totalled £81m and comprised purchases of £23m in eligible bank bills in band 1 (up to 14 days) at 12 per cent and £39m in band 2 (15-33 days) at 11⅞ per cent. In band 3 (34-63 days) it bought £19m of eligible bank bills at 11¾ per cent.

The forecast was later revised to a shortage of around £100m, before taking into account the earlier help and the Bank gave additional assistance in the afternoon of £25m through purchases of £10m of eligible bank bills in band 3 at 11¾ per cent and £15m in band 4 at 11⅝ per cent. The Bank also provided late assistance of £15m, making a total of £121m.

In Frankfurt call money remained at 5.5-5.6 per cent in rather quiet trading. The amount *outstanding on funds drawn* by commercial banks through the Lombard facility was DM 6.4bn on Monday from DM 6.9bn on Friday although banks appeared to be well placed to meet end of the month minimum reserve requirements. There was also little change in period rates despite the continued rise of the dollar.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

MONEY RATES

July 24	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	11⅛	1-2	6⅛-5¾	6.15628	16¼-16⅝	10.65	11¾-12
One month	5.75-5.90	11⅛-11⅜	4⁷⁄₁₆-4⁹⁄₁₆	6⁹⁄₁₆-6⁹⁄₁₆	6.21876	16¼-16½	11⅜-11⅝	12½-12¾
Two months	5.85-6.00	11⁹⁄₁₆-11⁹⁄₁₆	—	—	—	—	—	12¾-13
Three months	5.95-6.15	11⅝-11¾	4⅞-5	6⁹⁄₁₆-6⁹⁄₁₆	6.34875	16⅝-17	11⅝-11⅞	13⅛-13⅜
Six months	6.25-6.45	11¹³⁄₁₆-12⁹⁄₁₆	—	6¾-6⅞	—	—	11¾-12	13½-13¾
Lombard	6.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	6¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 24 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-12⅜	12-12⅛	11-12⅛	9-12½	—	—	—	—	—
2 days notice	—	—	12⅛-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10⅛-12⅜	12⅛-12¼	12¼-12⅛	12	—	—	—	—	—
One month	12⁹⁄₁₆-12⁹⁄₁₆	12⁹⁄₁₆-12⅝	12⅛	12½	12	11⁷⁄₁₆	11¾	11⅞	11⅞	12⁹⁄₁₆
Two months	12¼-12⅛	12⅛-12⅞	12⅛	12⅜	11¾	11¾	11⅝	11⅞	11⁵⁄₈-11⅝	10⅞
Three months	12⁹⁄₁₆-12⁹⁄₁₆	12⅛-10⅞	12⅛	12¼	11½-11⅝	11½-11⅝	11⁹⁄₁₆-11½	11¾	11⁹⁄₁₆-11⅝	12⅞
Six months	11¾-11⅞	12 12⅛	12	—	—	—	—	11⁹⁄₁₆-11⅝	11⁹⁄₁₆-11⅝	12⅞
Nine months	11⅞ 11⁹⁄₁₆	12-12⅛	—	—	—	—	—	—	—	—
One year	11¾-11¾	12-12⅛	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¾-12⅜	—	12⁹⁄₁₆	11.55-11.45	9⁷⁄₁₆-10⅛	9⁹⁄₁₆-9⅝
Two months	12⅝-12¼	—	12⁹⁄₁₆	11.6-11.7	10-10¼	9⅝-9¾
Three months	12½-12½	—	12¼	11.75-11.85	10⁹⁄₁₆-10⁷⁄₁₆	9⁷⁄₁₆-9⅞
Six months	12-11⅝	—	11⅛	12.35-12.45	15⅝-15⅞	15⅛-10¼
Nine months	12¼-11⅞	—	12⅛	12.4-12.6	—	—
One year	12¼-11⅞	—	12⅛	12.8-12.8	11⅛-11⅜	10⅜-10½
Two years	—	10	—	—	—	—
Three years	—	12⅛	—	—	—	—
Four years	—	12¼	—	—	—	—
Five years	—	12¼	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period June 5 to July 3 1984 (inclusive): 2.488 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from July 1 1984. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rate for sums at seven days' notice 8¾-9 per cent. Treasury Bills: Average tender rate of discount 11.3381 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 12¼ per cent; one-three months 12¼ per cent; three-six months 12¼ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11½ per cent from July 23. Deposits held under Series 4-5 12¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. July 24)

3 months U.S. dollars	
bid 11 15/16	offer 12 1/16

6 months U.S. dollars	
bid 12 9/16	offer 12 11/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	12-12½
Fed funds	11½
Fed funds at intervention	—

Treasury Bills

One month	2.30
Two month	0.50
Three month	15.28
Six month	10.21
One year	15.87

Treasury Bonds

Two year	100¾
Three year	99
Four year	101²³⁄₃₂
Five year	102⁷⁄₃₂
Seven year	102⅛
15 year	99⅞
30 year	101⅛

FINANCIAL FUTURES

Prices firm

Contracts in long term gilts, Eurodollars and U.S. Treasury bonds were very firm on the London International Financial Futures Exchange yesterday. All three opened firm, following a rally in U.S. bonds during the last 15 minutes of trading in New York on Monday. There were no new factors behind the rally, and earlier in the day U.S. credit markets had shown signs of alarm at the higher than expected growth in U.S. second quarter gross national product. There was no substantial selling on the announcement however, and traders in London suggested this led to late short covering.

Against this background these contracts opened on a firm note, and received further encouragement from the expected rise of 0.2 per cent in the U.S. June consumer prices. This confirmed recent signs that inflation remains under control, despite the sharp growth in the economy, and makes the present level of bond yields very attractive.

At about the same time the consumer prices were published yesterday it was also announced that U.S. durable goods orders in June had fallen 3.2 per cent, compared with expectations of a rise of 1 to 2 per cent. This led to another strong upward move in prices, but these levels failed to hold as the market considered the conflicting evidence produced by the the GNP figure and durable goods.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	87.77	88.08	87.68	87.63
Dec	87.23	87.38	87.08	86.87
March	86.86	86.92	86.68	86.52
June	86.58	—	—	86.27
Sept	86.37	—	—	86.07

Est volume 6,156 (4,566)
Previous day's open int 12,271 (13,058)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	88.56	88.65	88.51	88.51
Dec	88.57	88.65	88.45	88.48
March	88.30	88.33	88.18	88.21
June	88.05	—	—	88.02

Est volume 2,872 (859)
Previous day's open int 8,785 (8,679)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3200	1.3250	1.3194	1.3178
Dec	1.3226	1.3225	1.3220	1.3215
March	1.3271	—	—	1.3260

Est volume 212 (224)
Previous day's open int 2,703 (2,712)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3509	0.3512	0.3496	0.3503
Dec	0.3563	—	—	0.3557

Est volume 61 (100)
Previous day's open int 344 (331)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	62-30	63-15	62-18	61-25
Dec	62-08	62-19	61-30	61-02
March	61-25	—	—	60-13

Est volume 1,206 (1,094)
Previous day's open int 1,368 (1,362)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4121	0.4134	0.4116	0.4128
Dec	0.4201	—	—	0.4208

Est volume 4 (1)
Previous day's open int 2,284 (2,296)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4089	—	—	0.4080
Dec	0.4153	—	—	0.4144

Est volume nil (1)
Previous day's open int 224 (224)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	99.30	99.25	97.75	98.30
Dec	99.30	99.30	99.30	98.20
March	98.50	—	—	86.55

Est volume 662 (682)
Previous day's open int 1,026 (980)

20-YEAR NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	86-22	90-03	98-13	93-06
Dec	97-30	—	—	87-14
March	97-12	87-18	97-12	96-28
June	96-20	—	—	96-04

Est volume 3,056 (3,345)
Previous day's open int 4,961 (5,426)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 08 to 15 (32nds)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	62-27	63-08	62-23	62-19
Dec	62-07	62-19	62-03	61-31
March	61-26	62-04	61-21	61-17
June	51-14	61-23	51-15	51-06
Sept	61-05	21-08	21-05	60-29
Dec	60-29	61-00	60-29	60-21
March	60-23	60-25	60-23	60-15
June	60-18	60-20	60-18	60-10

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.48	89.62	89.44	89.48
Dec	88.75	88.91	88.71	88.69
March	88.30	88.45	88.27	88.24
June	87.99	88.11	87.99	87.94
Sept	87.77	87.90	87.77	87.71
Dec	87.61	87.62	87.61	87.53
March	87.46	87.46	—	87.39
June	—	—	—	87.28

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.09	88.23	87.98	88.07
Dec	87.38	87.49	87.25	87.26
March	88.96	87.11	86.93	86.85
June	86.68	88.83	86.68	86.56

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	87.66	87.79	87.58	87.61
Dec	86.21	87.05	86.79	86.81
March	86.54	86.65	86.49	86.41
June	86.27	86.35	88.24	88.12
Dec	85.90	85.96	85.90	85.73

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.3205	1.3240	1.3190	1.3200
Dec	1.3230	1.3285	1.3230	1.3235
March	1.3290	1.3320	1.3280	1.3295

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	65-21	66-00	65-12	65-16
Dec	64-22	64-25	64-19	64-15
March	63-25	64-02	63-25	63-19
June	—	—	—	62-28
Sept	—	—	—	62-12
Dec	—	—	—	62-00
June	—	—	—	61-17

CAPITAL MARKETS

Ecu 50m issue for UK small firms fund

BY MAGGIE URRY IN LONDON

INVESTORS in Industry (3i), the small business finance group owned jointly by the Bank of England and the five British clearing banks tapped the European currency unit market yesterday. Only the second British borrower to do so, 3i was able to swap the Ecu 50m into floating rate sterling debt at the London interbank offered rate.

The attraction to 3i was the five-year term – longer than it could have achieved for floating rate funds in sterling – to match its lending. Lead managers are S. G. Warburg and Kredietbank, with much of the investor interest in Belgium. The coupon is 11 per cent and issue price par.

Bank of China will make its first issue in the Samurai market in September, raising Y40bn. Other borrowers that month will be World Bank (Y40bn), Eurofima (Y20bn) and Spain (Y15bn), according to the September calendar for the market which was published yesterday.

The Eurodollar bond market attempted a rally yesterday, but "there were no guts to it" said one dealer. Prices were at best ½ point higher by the close.

The D-Mark sector was more stable after recent falls caused by the possible lifting of coupon tax. Prices were slightly lower where changed, and dealers reported wide spreads in small transactions.

BHF Bank bond average		
July 24		Previous
98.712		98.821
High	1984	Low
100.009		98.056

The Kawashima Textile DM 45m convertible was priced by Deutsche Bank with a 4 per cent coupon, and a conversion premium of 3.3 per cent. Repayment will be at 105, in six years, to give a yield of 4½ per cent.

Swiss franc bond prices were slightly down yesterday, though trading closed before the increase in time deposit rates announced by the four major Swiss banks. Credit Suisse launched a SwFr 250m private placement for New Zealand. The five-year 5¼ per cent bond will refinance 4¼ per cent notes maturing this year.

Denmark is raising Fl 150m through a 10 year issue with a 9¼ per cent coupon. The price will be fixed by Algemene Bank Nederland on July 31.

L375bn loan for Montedison

BY OUR FINANCIAL STAFF

MONTEDISON SpA, the parent company of Italy's largest private-sector chemicals group, has received a L375 bn ($212m) loan from 57 Italian and foreign banks.

The company said the 18-month financing will carry an interest rate linked to the Italian banking association reference prime rate – currently 17 per cent.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry Schroder Wagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	§12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd	12½%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 8.50%. Fixed rate 12 months £2,500 10.75%, £10,000, 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%, £10,000 up to £50,000 9¼%, £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 9¼%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 24.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	88¾	89¼	0	+0⅜	13.66
All Nippon Airways 14 94	100	103⅛	103⅝	+0¼	+0¼	13.36
American Savings 12 89	125	95⅜	95⅞	0	−0½	12.96
American Sav 12¼ 89	100	96⅝	97⅛	0	−0⅜	13.13
Australian Ind Dev 11 89	75	†90⅝	91⅛	+0⅛	+0⅛	13.79
Austria Rep 13⅝ 92	100	98⅞	99⅜	+0⅛	+0½	13.80
Bank of Tokyo 13⅝ 91	100	97¼	97¾	+0⅛	+0¼	14.20
Citicorp O/S 11¾ 89	100	†93⅞	94⅜	+0⅜	+0¼	12.67
C.N.C.A. 13¼ 91	100	†96½	97	+0⅛	0	13.99
Coastted Ind 12¼ 89	125	95½	96	+0⅛	+0⅛	13.71
Creditanstalt 13⅛ 91	100	96¾	97¼	+0⅜	+0⅜	13.80
D.N.C. 11¾ 91 WW	50	†88	88½	−1½	+0½	14.62
D.N.C. 11¾ 91 XW	50	†87½	88	0	+0½	14.75
Denmark Kingdom 12 91	100	90⅞	91⅜	+0⅜	+0⅛	14.10
Denmark Kingdom 13 91	100	95½	96	+0¼	+0½	13.88
Denmark Kingdom 14 91	100	99¾	100¼	+0⅝	+0⅝	13.97
E.E.C. 11⅛ 89	150	91¾	92¼	0	0	13.54
E.I.B. 12½ 90	100	94⅞	95⅜	0	−0⅛	13.74
E.I.B. 12⅞ 94	100	95⅜	95⅞	+0⅛	0	13.69
Eurofima 12½ 91	100	94¾	95¼	0	−0⅛	13.64
Ex-Im Bk Japan 13⅛ 91	75	†101⅞	102⅜	+0⅛	+0½	12.75
First Michigan 13⅛ 89	125	97⅞	98⅜	+0⅛	+0⅛	13.79
Florida Fed Sav 12⅞ 89	100	95¾	96¼	+0⅛	+0⅛	13.52
Gen Elec Credit 0 96	600	24½	25	0	0	12.38
Gen Elec Credit 11 91 WW	200	92½	93	+0⅛	−0¼	12.65
Genossen Zentral 14 91	100	99¼	99¾	+0⅛	+0½	14.10
GMAC O/S Fin 13 86	200	100	100½	+0⅛	+0⅛	12.82
Gulf & Western 12⅛ 89	100	91½	92	+0⅛	−0⅜	14.65
Indust Bk Japan 11⅛ 89	125	91⅛	91⅝	−0⅛	−0⅛	14.12
Indust Bk Japan 13⅞ 91	125	100⅛	100⅝	+0⅛	0	13.75
Int Paper O/S Fin 12 89	75	96¾	97¼	+0⅛	+0⅜	12.86
Japan Air Lines 12½ 94	70	93⅝	94⅛	+0⅛	−0⅛	12.13
L.T.C.B. 11⅛ 89	100	91¾	92¼	−0½	−0⅜	14.20
Macy O/S 11⅞ 91	100	92	92½	+0¼	+0⅛	13.68
Mitsui Trust Fin 12 91	100	90⅜	90⅞	+0⅜	−0⅛	14.25
Montreal, City 12½ 91	70	93¾	94¼	−0⅛	−0⅜	13.89
Morgan Guaranty 12⅛ 89	150	93¾	94¼	+0⅛	+0⅛	14.02
Newfoundland Prov 13 91	75	98⅛	98⅝	+1⅛	−1⅛	13.31

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅛ 94	15	98	98½	0	0	7.63

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Oil Co 5½ 99	4/83	964	85⅝	86⅝	+1⅞	2.28
Nissan Motor 5⅜ 98	4/83	708	89⅜	89⅞	−0¼	7.97
Ono Pharm'cal Co 3⅝ 98	3/84	8480	130¾	132¼	+3¾	24.49
Orient Leasing 5⅜ 96	6/83	2880	102	103½	+2	−5.02
Secom 5 98	11/83	2920	138¾	140¾	+2⅛	1.71
Sekisui House 3 99	8/84	612	95⅝	96⅝	+2⅜	6.37
Sumitomo Corp 2⅞ 99	5/84	593	76⅝	77⅝	+1⅞	−0.38
Yamanouchi Pharm'cal 4 98	10/83	1806	83	84	+2⅜	34.31
Nippon Oil Co 2⅞ 92 SF	3/84	1052	†100½	100⅞	−1	17.99
Nippon Shinpan Co 2 92 SF	3/84	881	†98½	99½	−0½	38.94
Settsu Paper 2⅛ 92 SF	4/84	677	†130	132	−1⅛	−5.78
Asics 5 92 DM	12/83	520	98¼	99¼	−0⅜	23.65
Sun Realty 6½ 92 DM	2/83	365	131⅛	132⅛	−4⅛	−7.31

* No information available—previous day's price
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng

Continued from Page 24

Stock	Sales (Hnds)	High	Low	Last	Chng
UnEdS	244	3½	2¾	3⅜	−⅛
UFnGrp	172	6¼	6	6	−½